



Mosaic Classical Academy
Lucas County
Regular Audit
For the Fiscal Year Ended June 30, 2025

**Mosaic Classical Academy
Lucas County**

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Lucas County**

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

Independent Auditor's Report

Mosaic Classical Academy
Lucas County
872 Orchard Street
Toledo, Ohio 43609

To the Governing Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Mosaic Classical Academy, Lucas County, Ohio (the Academy), as of and for the year ended June 30, 2025, 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 Mosaic Classical Academy, Lucas County, Ohio as of June 30, 2025 and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 16 to the financial statements, the Academy has suffered losses from operations and has a net deficiency, net of cumulative effects of implementing GASB 68 and 75. Note 16 also describes management's evaluation of the events and conditions and their plan to mitigate these matters. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities (assets) 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 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

August 20, 2026

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The management's discussion and analysis of the Mosaic Classical Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ending June 30, 2025. 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 financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, the net position decreased by \$250,407 as of June 30, 2025.
- The Academy had operating revenues of \$281,844 and operating expenses of \$591,874 during fiscal year 2025. The Academy also received \$61,680 in federal, state and local grants and had interest expenses of \$2,057 during fiscal year 2025.
- Fiscal year 2024 was the first year of operation for the Academy with an enrollment of 25 students which decreased to 21 students in 2025.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about how the Academy finances and meets the cash flow needs of its operations.

Reporting the Academy Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2025?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the Academy's net pension and OPEB liability/asset.

The table below provides a summary of the Academy's net position for fiscal year 2025 compared to fiscal year 2024.

Table 1 - Net Position

	2025	2024
ASSETS		
Current Assets	\$ 48,069	\$ 52,808
Net OPEB Asset	17,337	-
Capital Assets, Net	38,304	73,662
Total Assets	<u>103,710</u>	<u>126,470</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	265,010	27,573
OPEB	50,581	1,322
Total Deferred Outflows of Resources	<u>315,591</u>	<u>28,895</u>
LIABILITIES		
Current Liabilities	357,405	164,865
Long-term liabilities:		
Loan Payable	126,733	126,733
Leases Payable	3,261	39,753
Net Pension Liability	268,043	-
Net OPEB Liability	18,705	-
Total Liabilities	<u>774,147</u>	<u>331,351</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	27,085	-
OPEB	44,462	-
Total Deferred Outflows of Resources	<u>71,547</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	(1,449)	(1,330)
Restricted	47,347	-
Unrestricted (Deficit)	(472,291)	(174,656)
Total Net Position	<u>\$ (426,393)</u>	<u>\$ (175,986)</u>

**MOSAIC CLASSICAL ACADEMY
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MANAGEMENT DISCUSSION AND ANALYSIS
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(UNAUDITED)**

The net pension liability (NPL), net OPEB liability (NOL), and the net OPEB asset are not reported in the accompanying financial statements due to the Academy not being in operation during the measurement period pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27", and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

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*. 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 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.

**MOSAIC CLASSICAL ACADEMY
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Most long-term liabilities have set repayment schedules, but 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.

Due to the Academy not being in operating during the measurement period for GASB 68 and 75 (fiscal year 2023), the Academy only reported a deferred outflow of resources for the contributions subsequent to the measurement date in fiscal year 2024.

Total assets decreased \$22,760 from 2024 mostly due to a decrease in capital assets, which was slightly offset by the increase in net OPEB asset. Capital assets decreased due to current year depreciation. Current liabilities increased \$192,540 mostly due to increased accounts payable. Accounts payable increased due to the management fees and reimbursable expenses (including payroll) due to Accel (the Academy's management company). Fiscal year 2025 is the first year the Academy's contract with Accel is active, which explains this difference in accounts payable. The changes in Net OPEB asset, deferred outflows of resources, net pension liability, net OPEB liability, and deferred inflows of resources is due to the recording of GASB 68 and GASB 75 as previously mentioned.

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**MOSAIC CLASSICAL ACADEMY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The table below shows the Change in Net Position for fiscal years 2025 and 2024.

Table 2 - Change in Net Position

	2025	2024
OPERATING REVENUES		
State Foundation	\$ 197,700	\$ 208,671
Other State Aid	83,894	100,087
Other Operating Revenues	250	1,990
Total Operating Revenues	<u>281,844</u>	<u>310,748</u>
OPERATING EXPENSES		
Salaries and Wages	21,700	212,772
Fringe Benefits	90,651	62,400
Purchased Services	398,382	179,060
Materials and Supplies	37,232	18,481
Amortization	35,358	38,304
Other	8,551	8,703
Total Operating Expenses	<u>591,874</u>	<u>519,720</u>
Operating Loss	<u>(310,030)</u>	<u>(208,972)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and Fiscal Charges	(2,057)	(19,147)
Federal, State, and Local Grants	61,680	42,133
Contributions and Donations	-	10,000
Total Non-operating Revenues (Expenses)	<u>59,623</u>	<u>32,986</u>
Change in Net Position	<u>(250,407)</u>	<u>(175,986)</u>
Net Position - Beginning of Year	(175,986)	-
Net Position - End of Year	<u><u>\$ (426,393)</u></u>	<u><u>\$ (175,986)</u></u>

The revenue generated by a community Academy is almost entirely dependent on per-pupil allotment given by the state foundation, other state aid, and from federal entitlement programs.

Total operating expenses increased \$72,154 mostly due to an increase in purchased services, which was partially offset by a decrease in salaries and wages. The increase in purchased services and decrease in salaries and wages is due to the Academy's contract with Accel, in which Accel is responsible for payroll services.

Capital Assets

At June 30, 2025, the Academy had \$38,304 invested in intangible right-to-use leased building, net of accumulated amortization.

See Note 6 in the notes to the basic financial statements for more detail on the Academy's capital assets.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Long-Term Debt

At June 30, 2025, the Academy had \$39,753 in leases payable with \$36,492 due within one year. The Academy entered into a lease agreement for the rental of the Academy building. Due to the implementation of GASB Statement No. 87, the Academy will report an intangible right to use capital asset and corresponding liability for the future scheduled payments under the lease.

On August 21, 2023, the Academy entered into a loan agreement with Western Avenue Baptist Church for an amount up to \$300,000. During fiscal year 2024, the Academy borrowed \$139,189 and paid \$12,456 in principal payments. The Academy has three years to pay off the loan balance.

See Note 7 in the notes to the basic financial statements for more detail on the Academy's long-term liabilities.

Current Financial Related Activities

Fiscal year 2024 was the first year of operation for the Academy with an enrollment of 25 students which decreased to 21 students in 2025. The Academy relies on the State Foundation Funds and State and Federal Sub-Grants to provide the monies necessary to operate the Academy.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors 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 Mr. Dan Lamb, Treasurer of Mosaic Classical Academy, Charter Academy Specialists, 40 Hill Road South, Pickerington, OH 43147 or by phone at 614-837-8945.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 17,285
Receivables:	
Intergovernmental	24,037
Prepaid Items	6,747
Total Current Assets	<u>48,069</u>

Noncurrent Assets:

Net OPEB Asset	17,337
Capital Assets, Net of Depreciation/Amortization	38,304
Total Noncurrent Assets	<u>55,641</u>
Total Assets	<u>103,710</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	265,010
OPEB	50,581
Total Deferred Outflows of Resources	<u>315,591</u>

LIABILITIES

Current Liabilities:

Accounts Payable	319,976
Intergovernmental Payable	937
Leases Payable	36,492
Total Current Liabilities	<u>357,405</u>

Noncurrent Liabilities:

Loan Payable	126,733
Leases Payable	3,261
Net Pension Liability	268,043
Net OPEB Liability	18,705
Total Noncurrent Liabilities	<u>416,742</u>
Total Liabilities	<u>774,147</u>

DEFERRED INFLOWS OF RESOURCES

Pension	27,085
OPEB	44,462
Total Deferred Inflows of Resources	<u>71,547</u>

NET POSITION

Net Investment in Capital Assets	(1,449)
Restricted for:	
Federally Funded Programs	30,010
OPEB	17,337
Unrestricted (Deficit)	(472,291)
Total Net Position	<u>\$ (426,393)</u>

See accompanying notes to the basic financial statements

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN THE NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

OPERATING REVENUES

State Foundation	\$ 197,700
Other State Aid	83,894
Other Operating Revenues	250
Total Operating Revenues	<u>281,844</u>

OPERATING EXPENSES

Salaries and Wages	21,700
Fringe Benefits	90,651
Purchased Services	398,382
Materials and Supplies	37,232
Amortization	35,358
Other	8,551
Total Operating Expenses	<u>591,874</u>
Operating Loss	<u>(310,030)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest and Fiscal Charges	(2,057)
Federal, State and Local Grants	61,680
Total Nonoperating Revenues (Expenses)	<u>59,623</u>
Change in Net Position	<u>(250,407)</u>

Net Position - Beginning of Year	(175,986)
Net Position - End of Year	<u><u>\$ (426,393)</u></u>

See accompanying notes to the basic financial statements

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from State of Ohio	\$ 269,103
Cash Received from Other Operations	250
Cash Payments for Salaries and Wages	(34,655)
Cash Payments for Fringe Benefits	(50,916)
Cash Payments for Purchased Services	(188,803)
Cash Payments for Materials and Supplies	(37,232)
Cash Payments for Other Expenses	(8,551)
Net Cash Used in Operating Activities	<u>(50,804)</u>

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Federal and State Grants	61,680
Net Cash Provided by Noncapital Financing Activities	<u>61,680</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Principal Paid on Lease	(35,239)
Interest Paid on Lease	(2,057)
Net Cash Used in Capital and Related Financing Activities	<u>(37,296)</u>

Net (Decrease) in Cash and Cash Equivalents (26,420)

Cash and Cash Equivalents - Beginning of Year	43,705
Cash and Cash Equivalents - End of Year	<u><u>\$ 17,285</u></u>

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED IN OPERATING ACTIVITIES**

Operating Loss	\$ (310,030)
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Adjustments:

Depreciation/Amortization	35,358
(Increase) Decrease in Assets and Deferred Outflows:	
Intergovernmental Receivable	(17,175)
Prepaid Items	(4,506)
Net OPEB Asset	(17,337)
Deferred Outflow of Resources - Pensions	(237,437)
Deferred Outflow of Resources - OPEB	(49,259)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	209,579
Accrued Wages and Benefits	(12,955)
Intergovernmental Payable	(5,337)
Net Pension Liability	268,043
Net OPEB Liability	18,705
Deferred Inflow of Resources - Pensions	27,085
Deferred Inflow of Resources - OPEB	44,462
Net Cash Used in Operating Activities	<u><u>\$ (50,804)</u></u>

See accompanying notes to the basic financial statements

Notes to the Basic Financial Statements

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1: DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

The Mosaic Classical Academy (the “Academy”) is a nonprofit corporation established by Ohio Revised Code Chapters 3314 and 3314.03. The Academy, which is part of the State’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy is an approved tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The Academy may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy began operations at the beginning of the 2023-2024 Academy year. The Academy was approved for operation under a contract with St. Aloysius (the Sponsor) for a period of five years commencing in July 2023. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. See note 12 for further information.

The Academy contracts with Accel Academy Cleveland FB, LLC to provide educational services, administrative services (including payroll), and technology services. See notes 14 and 15 for further information.

The Academy operates under the direction of Board of Directors which consists of individuals who represent the interests of the parents served by the Academy.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Academy consists of all funds, departments, boards, and agencies that are not legally separate from the Academy. For the Mosaic Classical Academy, this includes instructional activities of the Academy.

Component units are legally separate organizations for which the Academy is financially accountable. The Academy is financially accountable for an organization if the Academy appoints a voting majority of the organization’s Governing Board and (1) the Academy is able to significantly influence the programs or services performed or provided by the organization; or (2) the Academy is legally entitled to or can otherwise access the organization’s resources; the Academy is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Academy is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Academy in that the Academy approves the budget and issuance of debt. The Academy has no component units.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

C. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will 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/expenditure) 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 10 and 11.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2025, the Academy did not have any deferred inflows of resources.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. Budgetary Process

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

E. Cash and Investments

Cash received by the Academy is maintained in demand deposit accounts. The Academy did not have any investments as of June 30, 2025.

F. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. During fiscal year 2025, the Academy maintained a capital asset threshold of \$2,500. The Academy does not have 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 capitalized. All reported capital assets (except construction in progress) are depreciated or amortized. Depreciation/amortization are computed using the straight-line method. Buildings improvements are depreciated from 10-25 years. Equipment consists of computers and equipment is depreciated from 3-10 years.

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

G. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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.

**MOSAIC CLASSICAL ACADEMY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. **Net Position** (continued)

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

H. **Intergovernmental Revenue**

The Academy currently participates in the State Foundation Program and various federal and state grants. In addition, State distributes, among all public Academics, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. Revenue from the State Foundation Program and casino revenues are recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts for fiscal year 2025 Academy year, excluding all other State and Federal grants, totaled \$281,594.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. State, Federal and Local grants revenue for fiscal year 2025 was \$61,680.

I. **Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the Statement of Net Position. The Academy has recognized certain expenses due, but unpaid as of June 30, 2025. These expenses are reported as accrued liabilities in the accompanying financial statements.

J. **Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the Statement of Net Position. These items are reported as assets on the Statement of Net Position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

K. **Operating Revenues and Expenses**

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

**MOSAIC CLASSICAL ACADEMY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

L. **Estimates**

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

M. **Economic Dependency**

The Academy receives approximately 99 percent of its operating revenue from the Ohio Department of Education and Workforce or the State of Ohio. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education and Workforce.

N. **Pensions/Other Postemployment Benefits (OPEB)**

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

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**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, the Academy implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Statement No. 102, Certain Risk Disclosures – an Amendment of GASB Statement No. 62. GASB 100 The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of the GASB pronouncement did not have any impact on beginning net position.

GASB Statement No. 101, Compensated Absences The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of the GASB pronouncement did not have any impact on beginning net position.

NOTE 4: CASH AND CASH EQUIVALENTS

Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all Academy deposits was \$17,285. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, all of the Academy's bank balance of \$36,368 was covered by the Federal Deposit Insurance Corporation.

NOTE 5: RECEIVABLES

At June 30, 2025, receivables consisted of only intergovernmental. The receivables are expected to be collected in full within one year. A summary of the intergovernmental receivables follows:

	<u>Amount</u>
Intergovernmental receivables:	
IDEA Part-B	\$ 4,684
Title I	11,999
Improving Teacher Quality	2,670
SERS refund	4,684
Total Receivables	<u>\$ 24,037</u>

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Capital Assets:				
<u>Amortized Capital Assets:</u>				
Intangible Right-to-use Lease - Building	\$ 111,966	\$ -	\$ -	\$ 111,966
Total Amortized Capital Assets	111,966	-	-	111,966
<u>Less Accumulated Amortization:</u>				
Intangible Right-to-use Lease - Building	(38,304)	(35,358)	-	(73,662)
Total Accumulated Amortization	(38,304)	(35,358)	-	(73,662)
Total Capital Assets, Net	<u>\$ 73,662</u>	<u>\$ (35,358)</u>	<u>\$ -</u>	<u>\$ 38,304</u>

NOTE 7: LONG-TERM OBLIGATIONS

Changes in the Academy's long-term obligations during fiscal year 2025 were as follows:

	Balance as of 6/30/2024	Additions	Deletions	Balance as of 6/30/2025	Due within One Year
Loan Payable	\$ 126,733	\$ -	\$ -	\$ 126,733	\$ -
Lease Payable	74,992	-	35,239	39,753	36,492
Net Pension Liability	-	268,043	-	268,043	-
Net OPEB Liability	-	18,705	-	18,705	-
Total Long-Term Obligations	<u>\$ 201,725</u>	<u>\$ 286,748</u>	<u>\$ 35,239</u>	<u>\$ 453,234</u>	<u>\$ 36,492</u>

The Academy entered into a lease agreement with Western Avenue Baptist Church to lease a building. The terms of the lease are three years and two months commencing June 1, 2023 and ending July 30, 2026. Payments are due monthly. Due to the implementation of GASB Statement No. 87, the Academy will report an intangible right to use capital asset and corresponding liability for the future scheduled payments under the lease.

On August 21, 2023, the Academy entered into a loan agreement with Western Avenue Baptist Church for an amount up to \$300,000. The Academy has three years to pay off the loan balance. A final amortization schedule is not yet final and no amount due has yet been determined for fiscal year 2026. The following is a summary of the future debt service payments.

Fiscal Year Ending	Lease Payable		
	Principal	Interest	Total
2026	\$ 36,492	\$ 804	\$ 37,296
2027	3,261	9	3,270
Total	<u>\$ 39,753</u>	<u>\$ 813</u>	<u>\$ 40,566</u>

**MOSAIC CLASSICAL ACADEMY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 8: RISK MANAGEMENT

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 contracted personnel; and natural disasters. For fiscal year 2025, the Academy had general liability insurance through O'Neill Insurance Agency.

Settled claims have not exceeded commercial coverage in the past year. There was no significant reduction in coverage from the prior fiscal year.

NOTE 9: CONTINGENCIES

A. Grants

The Academy received financial assistance from state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2025.

B. Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, DEW may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. As of the date of this report, DEW has not performed an FTE Review on the Academy for fiscal year 2025.

As of the date of this report, all DEW adjustments for fiscal year 2025 have been finalized.

In addition, the Academy's contract with their Sponsor and Management Company require payments based on revenues received from the State.

C. Litigation

The Academy is not involved in any litigation.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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.

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.

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 pension and postemployment benefits payable.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description - Academy Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023 through 2025.

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.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. Plan Description - Academy Employees Retirement System (SERS) (Continued)

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, 2025, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent

The Academy's contractually required contribution to SERS was \$7,714 for fiscal year 2025.

C. Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 – July 1, 2027, any member can retire with unreduced benefits with 33 y3ars of service credit at any age; or five years of service credit and age 6. Effective on or after Aug. 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or give years of service credit and age 65.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. **Plan Description - State Teachers Retirement System (STRS)** (Continued)

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. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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. For the fiscal year ended June 30, 2025, plan members were required to contribute 14 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contributions to STRS was \$14,789 for fiscal year 2025.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.00000000%	0.00000000%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0018019%</u>	<u>0.00091398%</u>	
Change in Proportionate Share	<u>0.0018019%</u>	<u>0.00091398%</u>	
Proportionate Share of the Net Pension			
Liability	\$92,178	\$175,865	\$ 268,043
Pension Expense	\$33,068	\$47,126	\$80,194

At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 3,519	\$ 11,074	\$ 14,593
Changes of assumptions	824	8,104	8,928
Changes in proportion and differences between Academy contributions and proportionate share of contributions	70,347	148,639	218,986
Academy contributions subsequent to the measurement date	<u>7,714</u>	<u>14,789</u>	<u>22,503</u>
Total Deferred Outflows of Resources	<u>\$ 82,404</u>	<u>\$ 182,606</u>	<u>\$ 265,010</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 97	\$ 97
Changes of assumptions	-	6,099	6,099
Net difference between projected and actual earnings on pension plan investments	<u>5,767</u>	<u>15,122</u>	<u>20,889</u>
Total Deferred Inflows of Resources	<u>\$ 5,767</u>	<u>\$ 21,318</u>	<u>\$ 27,085</u>

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions (Continued)

\$22,503 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$20,330	\$27,043	\$47,373
2027	30,525	53,203	83,728
2028	19,765	32,597	52,362
2029	<u>(1,697)</u>	<u>33,656</u>	<u>31,959</u>
Total	<u>\$68,923</u>	<u>\$146,499</u>	<u>\$215,422</u>

E. 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.

**MOSAIC CLASSICAL ACADEMY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal

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

The most recent experience study was completed June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate/Real Assets	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions – SERS (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. 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 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined rate of fiscal year 2024 was 14 percent. Projected inflows from investment earning 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 2024 was 9.31 percent.

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	\$141,019	\$92,178	\$51,056

F. Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2024, actuarial valuation is presented below:

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 percent
Cost-of-Living Adjustments	0.0 percent

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

F. Actuarial Assumptions – STRS (Continued)

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

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

STRS Ohio's 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 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
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 2.4% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes 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, 2024. 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, 2024.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 10: **DEFINED BENEFIT PENSION PLANS** (Continued)

F. **Actuarial Assumptions – STRS** (Continued)

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 District'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	\$283,700	\$175,865	\$84,654

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**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS

A. Net OPEB Liability/Asset

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 and net OPEB asset represent 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 and net OPEB asset calculations are 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.

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 is solely the obligation 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 and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB 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 pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable.

B. Plan Description - Academy Employees Retirement System (SERS)

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 11: **DEFINED BENEFIT OPEB PLANS** (Continued)

B. Plan Description - Academy Employees Retirement System (SERS) (Continued)

Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, there was no contribution made to health care. A 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 2025, 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.

The surcharge is the total amount assigned to the Health Care Fund. The Academy had \$937 in contractually required contribution to SERS for fiscal year 2025.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

C. Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

D. OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and net OPEB asset were measured as of June 30, 2024, and the total OPEB liability and asset used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability and net OPEB asset were based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset			
Prior Measurement Date	0.0000000%	0.00000000%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.0018364%	0.00091398%	
Change in Proportionate Share	0.0018364%	0.00091398%	
Proportionate Share of the Net OPEB Liability	\$ 18,705	\$ -	\$ 18,705
Proportionate Share of the Net OPEB (Asset)	\$ -	\$ (17,337)	\$ (17,337)
OPEB Expense	\$ 2,035	\$ (4,527)	\$ (2,492)

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LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

D. OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At June 30, 2025, 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	\$ -	\$ 754	\$ 754
Changes of assumptions	8,024	2,133	10,157
Net difference between projected and actual earnings on pension plan investments	90	-	90
Changes in proportion and difference between Academy contributions and proportionate share of contributions	38,643	-	38,643
Academy contributions subsequent to the measurement date	937	-	937
Total Deferred Outflows of Resources	<u>\$ 47,694</u>	<u>\$ 2,887</u>	<u>\$ 50,581</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 20,172	\$ 1,869	\$ 22,041
Changes of assumptions	8,593	7,820	16,413
Net difference between projected and actual earnings on OPEB plan investments	-	744	744
Changes in proportion and difference between Academy contributions and proportionate share of contributions	-	5,264	5,264
Total Deferred Inflows of Resources	<u>\$ 28,765</u>	<u>\$ 15,697</u>	<u>\$ 44,462</u>

\$937 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 an increase to the net OPEB asset in the year ending June 30, 2026. 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:			
2026	\$ (966)	\$ (3,398)	\$ (4,364)
2027	624	(1,923)	(1,299)
2028	1,591	(2,248)	(657)
2029	2,050	(2,140)	(90)
2030	2,079	(1,882)	197
Thereafter	12,614	(1,219)	11,395
Total	<u>\$ 17,992</u>	<u>\$ (12,810)</u>	<u>\$ 5,182</u>

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

E. 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, 2024, 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
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

E. Actuarial Assumptions - SERS (Continued)

Base Mortality: Healthy Retirees - 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. Disabled Retirees - 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. Contingent Survivors - 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. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate/Real Assets	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
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(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

E. Actuarial Assumptions - SERS (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024 was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024 was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee 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 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate is used in the determination for the SEIR for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%)

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
Academy's proportionate share of the net OPEB liability	\$ 24,941	\$ 18,705	\$ 13,748

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Academy's proportionate share of the net OPEB liability	\$ 12,643	\$ 18,705	\$ 26,670

**MOSAIC CLASSICAL ACADEMY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

F. Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024, actuarial valuation is presented below:

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	3.94 percent
Medicare	-112.22 percent	3.94 percent
Prescription Drug		
Pre-Medicare	8.00 percent	3.94 percent
Medicare	-15.14 percent	3.94 percent

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

For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. 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, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

F. Actuarial Assumptions – STRS (Continued)

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
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 2.4 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB asset as of June 30, 2024.

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, 2024, 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.

**MOSAIC CLASSICAL ACADEMY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 11: DEFINED BENEFIT OPEB PLANS (Continued)

F. Actuarial Assumptions – STRS (Continued)

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Academy's proportionate share of the net OPEB (asset)	(\$14,096)	(\$17,337)	(\$20,157)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net OPEB (asset)	(\$20,347)	(\$17,337)	(\$13,716)

Benefit Term Changes Since the Prior Measurement Date

Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

NOTE 12: SPONSOR AGREEMENT

The Academy's Sponsorship Contract between the Academy and St. Aloysius (the "Sponsor") outlined the specific payments to be made by the Academy to the Sponsor during fiscal year 2025.

Under the Academy's Sponsorship Contract, the Academy agrees to pay the following:

1. The Academy shall annually pay to Sponsor, from the funding provided to the Academy by the Ohio Department of Education pursuant to Section 3314.08 of the Ohio Revised Code, a portion of such funds. Per student payments shall be calculated against the state foundation formula, with the per student calculation set at three percent (3%) of the state foundation payment per pupil, as provided for by the State of Ohio.
2. In the event that the Sponsor, as permitted herein, provides special education and related services required by a student's IEP, the Academy shall pay to the Sponsor the funds received by the Academy from the Department of Education on account of such student, except that the Academy may retain sufficient funds to cover its actual costs related to such student, if any.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 12: SPONSOR AGREEMENT (Continued)

3. The Academy shall pay to Sponsor such other amounts as are mutually agreed, including fees for any services provided to the Academy by the sponsor.
4. Upon dissolution, the Academy, as a “Public Benefit Corporation” under Section 1702.01 (P) of the Ohio Revised Code, shall distribute any remaining assets to another community Academy, public benefit corporation, or other entity that is recognized as except under section 501 c (3) of the Internal Revenue Code of 1986 as amended.

During the fiscal year ended June 30, 2025, the Academy made payments of \$6,979 to the Sponsor, which includes the 3 percent fee.

NOTE 13: PURCHASED SERVICES

For the fiscal year ended June 30, 2025, purchased services expenses were as follows:

Professional and Technical Services	\$ 294,126
Property Services	26,057
Travel/Mileage/Meeting Expense	2,147
Communications	9,543
Contracted Services	1,401
Other	65,108
Total	<u>\$ 398,382</u>

NOTE 14: MANAGEMENT COMPANY

The Academy had an agreement with Accel Academys to provide educational services, administrative services (including payroll), and technology services for fiscal year 2025. The agreement was for a period of five years, effective July 1, 2024. Management fees are calculated as 15% of all federal, state, and local funds (excluding free and reduced lunches, charitable contributions, transportation funding, or proceeds from fundraisers). The total amount due from the Academy for the fiscal year ending June 30, 2025 was \$45,180, of which all was recorded as a payable at fiscal year end and is included under “Purchased Services” on the Statement of Revenues, Expenses and Changes in Net Position

Also, per the management agreement there are expenses that will be billed to the Academy based on the actual costs incurred by Accel Academys. These expenses include salaries of Accel employees working at the Academy and other costs related to providing education and administrative services. The total amount billed to the Academy inclusive of management fees during fiscal year 2025 was \$195,174, of which all was recorded as a payable at fiscal year end and is included under “Purchased Services” on the Statement of Revenues, Expenses and Changes in Net Position

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 15: MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2025, Accel Academys Cleveland FB, LLC and its affiliates incurred the following expenses on behalf of the Academy. Note to the Schedule of Management Company Expenses: Employee Benefits do not include pension and OPEB expenses. Under management agreement with the Academy, the Academy is responsible for pension and OPEB expenses for direct Academy staff.

<u>Expenses</u>	<u>Total</u>
Direct Expenses	
Salaries and Wages	
Regular Instruction	\$ 18,517
Support Services	16,139
Employees' Benefits	
Regular Instruction	33,724
Support Services	17,192
Professional and Technical Services	
Regular Instruction	21,889
Support Services	62,648
Non-Instructional	3,108
Property Services	
Non-Instructional	60,245
Travel Mileage	
Regular Instruction	146
Support Services	2,000
Communications	
Support Services	9,543
Contracted Craft or Trade Services	
Support Services	1,411
Other Purchased Services	
Support Services	65,108
Supplies	
Regular Instruction	21,768
Support Services	15,463
Other Direct Costs	
Support Services	8,552
Indirect Expenses	
Overhead	
Non-Instructional	14,334
	<u>\$ 371,787</u>

ACCEL Academys Ohio, LLC charges expenses benefiting more than one Academy (i.e., overhead) are pro-rated based on full time equivalent (FTE) head count as of June 30, 2025 by each Academy it manages.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(CONTINUED)**

NOTE 16: MANAGEMENT PLAN

The Academy had a deficit net position of (\$426,393) at June 30, 2025. As further discussed in Note 7, the Academy reported a long-term obligation payable of \$166,486 at June 30, 2025. The deferred outflows of resources are required to be reported in accordance with GASB Statements No. 68, 71 and 75, as described in Note 12 and 13. Management intends to continue to increase Academy enrollment and improve operating efficiencies.

NOTE 17: SUBSEQUENT EVENTS

On 5/26/2026, the Academy agreed to settle with Mosaic Ministries at an amount of \$75,000 to be paid in monthly installments of \$2,500 over 30 months. The original payables and loan balance owed to Mosaic Ministries were forgiven in lieu of the new settlement amount of \$75,000.

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
CURRENT FISCAL YEAR (1)**

	<u>2025</u>
Academy's Proportion of the Net Pension Liability	0.0018019%
Academy's Proportionate Share of the Net Pension Liability	\$ 92,178
Academy's Covered Payroll	\$ 70,093
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	131.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%

(1) Information prior to 2025 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the Academy's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
CURRENT FISCAL YEAR (1)**

	<u>2025</u>
Academy's Proportion of the Net Pension Liability	0.00091398%
Academy's Proportionate Share of the Net Pension Liability	\$ 175,865
Academy's Covered Payroll	\$ 126,857
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%

(1) Information prior to 2025 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

Amounts presented as of the Academy's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST TWO FISCAL YEARS (1)**

	<u>2025</u>	<u>2024</u>
Contractually Required Contribution	\$ 7,714	\$ 9,813
Contributions in Relation to the Contractually Required Contribution	<u>(7,714)</u>	<u>(9,813)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 55,100	\$ 70,093
Contributions as a Percentage of Covered Payroll	14.00%	14.00%

(1) Information prior to 2024 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST TWO FISCAL YEARS (1)**

	<u>2025</u>	<u>2024</u>
Contractually Required Contribution	\$ 14,789	\$ 17,760
Contributions in Relation to the Contractually Required Contribution	<u>(14,789)</u>	<u>(17,760)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 105,636	\$ 126,857
Contributions as a Percentage of Covered Payroll	14.00%	14.00%

(1) Information prior to 2024 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
CURRENT FISCAL YEAR (1)**

	<u>2025</u>
Academy's Proportion of the Net OPEB Liability	0.0018364%
Academy's Proportionate Share of the Net OPEB Liability	\$ 18,705
Academy's Covered Payroll	\$ 70,093
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%

(1) Information prior to 2025 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
CURRENT FISCAL YEAR (1)**

	<u>2025</u>
Academy's Proportion of the Net OPEB Liability/Asset	0.00091398%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (17,337)
Academy's Covered Payroll	\$ 126,857
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-13.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	158.01%

(1) Information prior to 2025 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST TWO FISCAL YEARS (2)**

	<u>2025</u>	<u>2024</u>
Contractually Required Contribution (1)	\$ 937	\$ 1,322
Contributions in Relation to the Contractually Required Contribution	<u>(937)</u>	<u>(1,322)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>
Academy Covered Payroll	\$ 55,100	\$ 70,093
OPEB Contributions as a Percentage of Covered Payroll (1)	1.70%	1.89%

(1) Includes Surcharge

(2) Information prior to 2024 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - OPEB
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST TWO FISCAL YEARS (1)**

	<u>2025</u>	<u>2024</u>
Contractually Required Contribution	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 105,636	\$ 126,857
Contributions as a Percentage of Covered Payroll	0.00%	0.00%

(1) Information prior to 2024 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2024-2025.

For fiscal year 2023, SERS changed from a COLA of 2.0% to 2.5%.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2023-2025.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2023-2025.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2024-2025.

For fiscal year 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) 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.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2023-2025.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2023-2025 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent

**MOSAIC CLASSICAL ACADEMY
LUCAS COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent

Medicare Trend Assumption

Medicare

Fiscal year 2025	7.00 percent decreasing to 4.40 percent
Fiscal year 2024	6.75 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent

Pre – Medicare

Fiscal year 2025	7.00 percent decreasing to 4.40 percent
Fiscal year 2024	7.00 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent

Changes in Assumptions – STRS

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. The health care cost trend rates were modified.

For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 10.94% initial - 4.14% ultimate to - 112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from - 11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to - 15.14% initial - 3.94% ultimate.

Changes in Benefit Terms – STRS

There was no benefit term changes from the amounts reported for fiscal year 2023-2025.

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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***

Mosaic Classical Academy
Lucas County
872 Orchard Street
Toledo, Ohio 43609

To the Governing Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Mosaic Classical Academy, Lucas County, Ohio (the Academy) as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated August 20, 2026, wherein we noted the Academy has suffered losses from operations and has a net deficiency.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 that we consider to be a material weakness.

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*.

Academy's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

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

August 20, 2026

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**Mosaic Classical Academy
Lucas County**

**Schedule of Findings
Fiscal Year End (FYE) June 30, 2025**

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS
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Finding Number 2025-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Unrestricted balance in the amount of \$126,733 was incorrectly classified as Net Investment in Capital Assets.

This error was not identified and corrected prior to the Academy preparing its financial statements and notes to the financial statements due to deficiencies in the Academy's internal controls over financial statement monitoring. Failing to prepare accurate financial statements and notes to the financial statements could lead the Governing Board to make misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct this error. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$2,248 to \$8,856, which we have brought to the Academy's attention.

The Academy should adopt policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the Treasurer and Governing Board to help identify and correct errors and omissions.

Officials' Response:

The annual financial report is completed by an outside accounting firm contracted by the school board. The school management has brought the reportable finding to the accounting firm's attention. They have assured the school that the issue will be taken care of going forward with the annual, financial reports.



**Summary Schedule of Prior Audit Findings
Fiscal Year End (FYE) June 30,2025**

Finding Number 2024-001

Finding Summary:

Noncompliance over Ohio Revised Code § 3317.031 and Ohio Administrative Code 3317-14-01(D) for lack of documentation for student enrollment and withdrawals.

Finding Status:

Corrective action taken and finding is fully corrected.

Additional Information:

None.

Finding Number 2024-002

Finding Summary:

Material weakness for errors in financial reporting.

Finding Status:

Not corrected.

Additional Information:

This matter was not corrected due to deficiencies in the Academy's internal controls over financial reporting. The Academy continues to work on appropriately presenting the financial statements.

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

Independent Accountant's Report on Applying Agreed-Upon Procedures

Mosaic Classical Academy
Lucas County
872 Orchard Street
Toledo, Ohio 43609

To the Governing Board:

Ohio Revised Code § 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below solely to assist the Board in evaluating whether Mosaic Classical Academy, Lucas County, Ohio (the Academy) has adopted an anti-harassment policy in accordance with Ohio Revised Code § 3313.666 and Ohio Revised Code § 3314.03(a)(11)(d) for the period ended June 30, 2025. Management is responsible for complying with this requirement.

The Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of whether the Academy has adopted an anti-harassment policy in accordance with Ohio Rev. Code § 3313.666. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We inspected the Board minutes and observed that the Governing Board adopted an anti-harassment policy at its meeting on February 18, 2025.

Ohio Revised Code § 3313.666(B) and Ohio Revised Code § 3314.03(A)(11)(d) specifies the following requirements must be included in anti-harassment policies. We inspected the policy for proper inclusion of these requirements:

1. A statement prohibiting harassment, intimidation, or bullying of any student on school property, on a school bus, or at school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;
2. A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code § 3313.666. The act defines that term as "any intentional written, verbal, electronic or physical act that a student has exhibited toward another particular student more than once and the behavior both (1) causes mental or physical harm to the other student, (2) is sufficiently severe, persistent, or pervasive that it creates an intimidating, threatening, or abusive educational environment for the other student," and violence within a dating relationship.;
3. A procedure for reporting prohibited incidents;
4. A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
5. A requirement that the custodial parent or guardian of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
6. A procedure for documenting any prohibited incident that is reported;
7. A procedure for responding to and investigating any reported incident;
8. A strategy for protecting a victim from new or additional harassment, intimidation, or bullying, and from retaliation following a report, including a means by which a person may report an incident anonymously;
9. A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

10. A statement prohibiting students from deliberately making false reports of harassment, intimidation, or bullying and a disciplinary procedure for any student responsible for deliberately making a false report of that nature;
11. A requirement that the administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were engaged by the Academy to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Academy and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

KEITH FABER
Ohio Auditor of State



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

August 20, 2026

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OHIO AUDITOR OF STATE KEITH FABER



MOSAIC CLASSICAL ACADEMY

LUCAS 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 9/3/2026

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