OHIO AUDITOR OF STATE
KEITH FABER

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Hope Academy for Autism
Trumbull County
10608 Penfield Ave.
Garfield Heights, OH 44125

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Hope Academy for Autism, Trumbull County, Ohio (the Academy), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Hope Academy for Autism, Trumbull County, Ohio, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the Academy adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2021

The discussion and analysis of Hope Academy for Autism (the Academy) financial performance provides an overall review of the financial activities for fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights
Key financial highlights for the Hope Academy for Autism for fiscal year ended June 30, 2019 are as follows:

- Total assets and deferred outflows decreased $97,700, which represents a 12 percent decrease from 2018.
- Total liabilities and deferred inflows increased $33,593 which represents a 2 percent increase from 2018.
- Total revenue decreased $262,486, which represents a 20 percent decrease from 2018.
- Total expenses decreased $34,991, which represents a 3 percent decrease from 2018.
- Total net position decreased $131,293 which represents a 10 percent decrease from 2018.

Using this Financial Report
This financial report contains the basic financial statements of the Academy, as well as the required supplemental information and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

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

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

Table 1 provides a summary of the Academy's net position as of June 30, 2019.

(Table 1)
Net Position

	2019	2018	Change
Assets			
Current Assets	$ 28,585	$ 35,059	$ (6,474)
Capital Assets, Net	699	3,010	(2,311)
Net OPEB Asset	45,028	-	45,028
Total Assets	74,312	38,069	36,243

Deferred Outflows of Resources			
Pension	559,985	700,238	(140,253)
OPEB	85,625	79,315	6,310
Total Deferred Outflows of Resources	645,610	779,553	(133,943)
Liabilities			
Current Liabilities	104,904	110,745	(5,841)
Long-Term Liabilities	1,794,670	1,906,645	(111,975)
Total Liabilities	1,899,574	2,017,390	(117,816)
Deferred Inflows of Resources			
Pension	98,605	25,861	72,744
OPEB	128,590	49,925	78,665
Total Deferred Inflows of Resources	227,195	75,786	151,409
Net Position			
Investment in Capital Assets	699	3,010	(2,311)
Unrestricted	(1,407,546)	(1,278,564)	(128,982)
Total Net Position	$(1,406,847)	$(1,275,554)	$ (131,293)

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Academy adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP 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.

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

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

Table 2 shows the changes in net position for fiscal year ended June 30, 2019.

(Table 2)
Change in Net Position

	2019	2018	Change
Operating Revenues			
State Foundation	$ 862,730	$1,136,808	$(274,078)
Non-Operating Revenues			
Federal and State	103,231	106,372	(3,141)
Contributions	-	1,000	(1,000)
Miscellaneous	57,115	41,382	15,733
Total Revenues	1,023,076	1,285,562	(262,486)

Operating Expenses			
Salaries and Wages	570,655	828,406	(257,751)
Fringe Benefits	278,884	(9,338)	288,222
Purchased Services	216,831	311,132	(94,301)
Material and Supplies	39,799	30,829	8,970
Depreciation	2,311	4,398	(2,087)
Non-Operating Expenses			
Other Expenses	45,889	23,933	21,956
Total Expenses	1,154,369	1,189,360	(34,991)
Change in Net Position	(131,293)	96,202	(227,495)
Net Position, Beginning of Year	(1,275,554)	(1,371,756)	96,202
Net Position, End of Year	$(1,406,847)	$(1,275,554)	$(131,293)

Total revenues almost entirely dependent on per-pupil allotment given by the State foundation and from Federal entitlement programs. This decrease is primarily the result of student enrollment decreasing from 59 students in fiscal year 2018 to 50 students in fiscal year 2019.

Total expenses decreased slightly from the previous fiscal year. This decrease is primarily the result of a decrease student enrollment (causing an decrease in salaries and wages, fringe benefits, and purchased services) offset by the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employees Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018.

Capital Assets
At June 30, 2019, capital assets of the Academy were $22,185, which were offset by $21,486 in accumulated depreciation resulting in net capital assets of $699. See Note 5 of the notes to the basic financial statements for additional information.

Restrictions and Other Limitations
The future stability of the Academy is not without challenges. The Academy does not receive any funds from taxes. The primary source of funding is the state foundation program. An economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the Academy.

Current Financial-Related Activities
The Academy is sponsored by Educational Resource Consultants of Ohio, Inc. The Academy is reliant upon State Foundation monies and Federal Sub-Grants to offer quality educational services to students. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Academy
This financial report is designed to provide a general overview of the finances of the Hope Academy for Autism and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Hope Academy for Autism, 10608 Penfield Avenue, Garfield Heights, Ohio 44125.

THIS PAGE INTENTIONALLY LEFT BLANK.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

ASSETS	
CURRENT ASSETS	
Cash	$ 9,838
Intergovernmental Receivable	18,747
Total Current Assets	28,585
NON-CURRENT ASSETS	
Capital Assets, Net	699
Net OPEB Asset	$ 45,028
TOTAL ASSETS	74,312
DEFERRED OUTFLOWS OF RESOURCES	
Pension	559,985
OPEB	85,625
TOTAL DEFERRED OUTFLOWS OF RESOURCES	645,610
LIABILITIES	
CURRENT LIABILITIES	
Accrued Wages & Benefits	89,818
Intergovernmental Payable	15,086
Total Current Liabilities	104,904
LONG-TERM LIABILITIES	
Net Pension Liability (See Note 7)	1,406,319
OPEB Liability (See Note 8)	388,351
TOTAL LIABILITIES	1,899,574
DEFERRED INFLOWS OF RESOURCES	
Pension	98,605
OPEB	128,590
TOTAL DEFERRED INFLOWS OF RESOURCES	227,195
NET POSITION	
Investment in Capital Assets	699
Unrestricted	(1,407,546)
TOTAL NET POSITION	$ (1,406,847)

See accompanying notes to the financial statements.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OPERATING REVENUES:	
Foundation	$ 862,730
Total Operating Revenues	862,730
OPERATING EXPENSES	
Salaries and Wages	570,655
Fringe Benefits	278,884
Purchased Services	216,831
Materials and Supplies	39,799
Depreciation	2,311
Total Operating Expenses	1,108,480
Operating Loss	(245,750)
NON-OPERATING REVENUES/(EXPENSES)	
Federal and State Grant Revenue	103,231
Other Revenue	57,115
Other Expenses	(45,889)
Total Non-Operating Revenues/(Expenses)	114,457
Change in Net Position	(131,293)
Net Position, Beginning of Year	(1,275,554)
Net Position, End of Year	$ (1,406,847)

See accompanying notes to the financial statements.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

INCREASE (DECREASE) IN CASH	
Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 862,730
Cash Payments to Employees for Services and Benefits	(724,437)
Cash Payments to Suppliers for Goods and Services	(259,224)
Net Cash Used for Operating Activities	(120,931)
Cash Flows from Noncapital Financing Activities	
Federal and State Grants	117,722
Other Revenue	57,115
Other Expenses	(45,889)
Net Cash Provided by Noncapital Financing Activities	128,948
Net Increase in Cash	8,017
Cash, Beginning of Year	1,821
Cash, End of Year	$ 9,838
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	$ (245,750)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	2,311
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
(Increase) Decrease in Net OPEB Asset	(45,028)
(Increase) Decrease in Deferred Outflows	133,943
Increase (Decrease) in Intergovernmental Payable	(3,247)
Increase (Decrease) in Accounts Payable	(2,594)
Increase (Decrease) in Net Pension Liability	(11,319)
Increase (Decrease) in OPEB Liability	(100,656)
Increase (Decrease) in Deferred Inflows	151,409
Total Adjustments	124,819
Net Cash Used for Operating Activities	$ (120,931)

See accompanying notes to the financial statements.

1. Description of the Academy and Reporting Entity

Hope Academy for Autism (the Academy), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to provide a nurturing environment, and develop the full potential of gifted students within the Autistic Spectrum Disorders population, by using a multi-structured approach to addressing their individual needs. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Educational Resource Consultants of Ohio, Inc. (the Sponsor) for fiscal year ended June 30, 2013. The Academy entered into a one-year contract with the Sponsor commencing July 1, 2012. The Sponsor renewed the Academy’s contract for two years commencing July 1, 2013. On June 1, 2016, the Sponsor renewed the Academy’s contract for one year and will automatically renew for one year through June 30, 2018 due to the status of the sponsorship between the Ohio Department of Education and the Sponsor. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy is required to operate under the direction of a Governing Board consisting of at least five members. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s tax-exempt status.

2. Summary of Significant Accounting Policies

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation, if any) 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

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

2. Summary of Significant Accounting Policies (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

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

D. Cash

All monies received by the Academy are maintained in a demand deposit account. For purposes of the statement of cash flows, the Academy considers all investments having original maturities of 90 days or less as cash equivalents. The Academy did not have any investments during fiscal year 2019.

E. Capital Assets

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

All capital assets are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method. The Academy’s capital assets consist of vehicles, furniture and equipment, and improvements. Vehicles, furniture, and equipment are depreciated over five years.

F. Estimates

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

G. Intergovernmental Revenues

The Academy is a participant in the State Foundation. The foundation is recognized as operating revenues in the accounting period in which it is earned, essentially the same as the fiscal year. Federal and State grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

For fiscal year 2019, intergovernmental revenues associated with the Foundation totaled $862,730. Revenues associated with specific education grants from the state and federal governments totaled $103,231.

H. Operating Revenues and Expenses

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

2. Summary of Significant Accounting Policies (Continued)

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary mission. Various federal and state grants, interest earnings, if any, and payments made to the Academy by other instructional entities for use of the Academy's instructional staff comprise the non-operating revenues of the Academy. Interest and fiscal charges on outstanding obligations, as well as gain or loss on capital asset disposals, if any, comprise the non-operating expenses.

I. Accrued Liabilities

The Academy has recognized certain liabilities on its statement of net position relating to expenses, which are due but unpaid as of June 30, 2019. Accrued liabilities totaled $104,904 at June 30, 2019.

J. Deferred Outflows / Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of net position 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 then. For the Academy, deferred inflows of resources are reported on the statement of net position include pension and OPEB plans. Deferred inflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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.

L. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Investment in capital assets, if any, consists of capital assets, net of accumulated depreciation less any outstanding capital related debt. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position of the Academy at year-end represents unspent federal and state grant resources for specific instructional program. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. Change in Accounting Principles

For the fiscal year ended June 30, 2019, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, Certain Asset Retirement Obligations and GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The

3. Change in Accounting Principles (Continued)

implementation of GASB Statement No. 83 did not influence the financial statements of the Academy.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Academy.

4. Deposits

At June 30, 2019, the carrying amount of the Academy's deposits was $9,838 and the bank balance was $18,217. Of the bank deposits, all were covered under FDIC. Although all statutory requirements for the deposit of public money had been followed, non-compliance with federal requirements could potentially subject the Academy to a successful claim by the FDIC.

Custodial credit risk is the risk that in the event of bank failure, the Academy’s deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk.

5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance 7/1/2018	Additions	Disposals	Balance 6/30/2019
Capital Assets:				
Furniture and Equipment	$ 17,731	$ -	$ -	$ 17,731
Improvement	1,900	-	-	1,900
Bus	2,554	-	-	2,554
Total Capital Assets	22,185	-	-	22,185
Less: Accumulated Depreciation	(19,175)	(2,311)	-	(21,486)
Capital Assets, Net	$ 3,010	$ (2,311)	$ -	$ 699

6. Risk Management

A. Property and Liability

The Academy is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended June 30, 2019, the Academy maintains liability insurance with respect to the particular activities of the Academy in the building. The Academy contracted with Philadelphia Indemnity Insurance Company for its insurance coverage as follows:

General Liability per occurrence	$1,000,000
General Liability aggregate	$1,000,000

There have been no settlements paid in excess of insurance coverage, nor has insurance coverage been significantly reduced in the past three years.

B. Workers’ Compensation

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

C. Employee Insurance Benefits

The Academy utilizes Aflac to provide health, life, vision, and dental insurance benefits to Academy employees.

7. Defined Benefit Pension Plans

Net Position Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in intergovernmental payable.

Plan Description - School Employees Retirement System (SERS)

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

7. Defined Benefit Pension Plans (Continued)

Age and service requirements for retirement are as follows:

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

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

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

The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2019.

The Academy's contractually required contribution to SERS was $52,690 for fiscal year 2019.

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. For the DB Plan, from August 1, 2015–July 1, 2017, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2017–July 1, 2019, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of

7. Defined Benefit Pension Plans (Continued)

age.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. Effective July 1, 2017, employer contributions of 9.53 percent are placed in the investment accounts and the remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50 and termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 to 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, 2019, 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 2019 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was $29,490 for fiscal year 2019.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Academy's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

7. Defined Benefit Pension Plans (Continued)

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01379720%	0.00280214%	
Prior Measurement Date	0.01490830%	0.00221804%	
Change in Proportionate Share	-0.00111110%	0.00058410%	
Proportionate Share of the Net Pension Liability	$ 790,191	$ 616,128	$ 1,406,319
Pension Expense	$ 136,060	$ 147,798	$ 283,858

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

At June 30, 2019 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	$ 43,336	$ 14,220	$ 57,556
Changes of Assumptions	17,843	109,190	127,033
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	83,136	210,080	293,216
Academy Contributions Subsequent to the Measurement Date	52,690	29,490	82,180
Total Deferred Outflows of Resources	$ 197,005	$ 362,980	$ 559,985
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 4,024	$ 4,024
Net Difference between Projected and Actual Earnings on Pension Plan Investments	21,893	37,363	59,256
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	35,325	0	35,325
Total Deferred Inflows of Resources	$ 57,218	$ 41,387	$ 98,605

7. Defined Benefit Pension Plans (Continued)

$82,180 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 92,006	$ 142,261	$ 234,267
2021	27,738	90,143	117,881
2022	(25,934)	46,017	20,083
2023	(6,713)	13,682	6,969
	$ 87,097	$ 292,103	$ 379,200

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

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

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and

7. Defined Benefit Pension Plans (Continued)

110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined by using a building block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate
Total pension liability was calculated using the discount rate of 7.50 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 27-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

SERS Note

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	$ 1,113,044	$ 790,191	$ 519,501

Assumptions - STRS
The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

7. Defined Benefit Pension Plans (Continued)

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

Post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016; pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2018 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016. STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

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 as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than

7. Defined Benefit Pension Plans (Continued)

the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	$ 899,773	$ 616,128	$ 376,060

8. Postemployment Benefits

Net OPEB Asset/Liability
The net OPEB asset/liability reported on the statement of net position represents an asset or liability to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred

The net OPEB asset/liability represents the Academy's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset/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 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 asset/liability is solely that 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 asset/liability. Resulting adjustments to the net OPEB asset/liability 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 asset/ liability. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accounts payable.

Plan Description - School Employees Retirement System (SERS)
Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider

8. Postemployment Benefits (Continued)

organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the Academy's surcharge obligation was $743. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $8,938 for fiscal year 2019.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB asset/liability was measured as of June 30, 2018, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB asset/liability was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

8. Postemployment Benefits (Continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability/(Asset):			
Current Measurement Date	0.01379720%	0.00280214%	
Prior Measurement Date	0.01499650%	0.00221804%	
Change in Proportionate Share	-0.00099820%	0.00058410%	
Proportionate Share of the Net OPEB Liability/(Asset)	$ 388,351	$ (45,028)	$ 343,323
OPEB Expense	$ 27,102	$ (91,493)	$ (64,391)

At June 30, 2019, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 6,339	$ 5,259	$ 11,598
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	30,761	34,328	65,089
Academy Contributions Subsequent to the Measurement Date	8,938	0	8,938
Total Deferred Outflows of Resources	$ 46,038	$ 39,587	$ 85,625
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 2,624	$ 2,624
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	582	5,144	5,726
Changes of Assumptions	34,891	61,354	96,245
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	23,995	0	23,995
Total Deferred Inflows of Resources	$ 59,468	$ 69,122	$ 128,590

$8,938 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

8. Postemployment Benefits (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ (1,156)	$ (5,262)	$ (6,418)
2021	(2,253)	(5,262)	(7,515)
2022	(5,718)	(5,263)	(10,981)
2023	(5,468)	(4,093)	(9,561)
2024	(5,510)	(3,681)	(9,191)
Thereafter	(2,263)	(5,974)	(8,237)
	$ (22,368)	$ (29,535)	$ (51,903)

Actuarial Assumptions - SERS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions used in the valuation are based on results from the most recent actuarial experience study, which covered the five-year period ending June 30, 2015. The experience study report is dated April 2016. The total OPEB liability used the following assumptions and other inputs:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate	
Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.375 percent - 4.75 percent
Pre-Medicare	7.25 percent - 4.75 percent

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

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

8. Postemployment Benefits (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percent lower (6.25 percent decreasing to 3.75 percent) and one percent higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	$ 471,233	$ 388,351	$ 322,723

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	$ 313,328	$ 388,351	$ 487,694

8. Postemployment Benefits (Continued)

Actuarial Assumptions – STRS
Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Health Care Cost Trend Rates	-5.23 percent to 9.62 percent, initial, 4.00 percent ultimate

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate
The discount rate used to measure the total OPEB asset/liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on health care plan

8. Postemployment Benefits (Continued)

investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset/Liability to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset/liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset/liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2018, calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	$ (38,593)	$ (45,028)	$ (50,436)

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	$ (50,130)	$ (45,028)	$ (39,845)

9. Long-Term Obligations

The changes in the Academy's long-term obligations during fiscal year 2019 were as follows:

	Principal Outstanding 7/1/2018	Additions	Reductions	Principal Outstanding 6/30/2019	Amount Due in One Year
Net Pension Liability:					
STRS	$ 526,900	$ 89,228	$ -	$ 616,128	$ -
SERS	890,738	-	100,547	790,191	-
Total Net Pension Liability	1,417,638	89,228	100,547	1,406,319	-
Net OPEB Liability:					
STRS	86,540	-	86,540	-	-
SERS	402,467	-	14,116	388,351	-
Total Net OPEB Liability	489,007	-	100,656	388,351	-
Total Long-Term Liabilities	$1,906,645	$ 89,228	$ 201,203	$1,794,670	$ -

10. Purchased Services

For fiscal year ended June 30, 2019, purchased service expenses were as follows:

Professional Services	$ 94,222
Property	56,686
Travel / Meeting	1,665
Communication	4,574
Utilities	20,018
Contracted Services	21,816
Transportation	17,850
Total Purchased Services	$ 216,831

11. Operating Lease

On May 24, 2012, the Academy entered into a lease agreement with the Shepherd of All God's Children Development Center for a portion of a building in the amount of $10,000 per month. The lease is for 3 years, ending December 31, 2015, with the option to renew for one extended term of 2 years.

On October 1, 2015, the Academy entered into a commercial lease agreement with the Shepherd of All God's Children Development Center for a portion of a building for Hope for Autism 2 in the amount of $7,000 per month. The lease end September 2016. The lease may renew for one extended term of 2 years. Lease payments to the Shepherd of All God's Children Development totaled $50,730 for the fiscal year ended June 30, 2019.

The Academy leases an office equipment under non-cancelable operating lease that expires in 2021. Total equipment lease expense for the fiscal year ended June 30, 2019 was $2,412. The lease agreement grants the Academy options to renew the lease, purchase the office equipment at fair market value or return the office equipment.

Future minimum lease payments under non-cancelable operating lease with remaining terms in excess of one year as of June 30, 2019 are:

Fiscal Years Ending June 30:	
2020	$ 2,412
2021	402
Total	$ 2,812

12. Sponsor

A sponsorship agreement was executed between the Academy and the Educational Resource Consultants of Ohio for two (2) year period commencing July 1, 2013. On June 1, 2016, the Sponsor renewed the Academy's contract for one year and will automatically renew for one year through June 30, 2018 due to the status of the sponsorship between the Ohio Department of Education and the Sponsor. Under this agreement, the Academy pays the Sponsor 3% of State Aid. July 1, 2019, the Sponsor renewed the Academy's contract for two (2) years and will automatically renew for one year through June 30, 2021.

The Academy's sponsor fee expense at June 30, 2019 totaled $24,961.

13. Contingencies

A. Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2019, if applicable, cannot be determined at this time.

B. Full-Time Equivalency

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2019.

As of the date of this report, additional ODE adjustments for fiscal year 2019 are finalized. FTE adjustments resulted in an underpayment of $11,730 due to the Academy. This amount was recorded as an intergovernmental receivable in the Academy's financial statements.

In addition, the Academy's contract with their Sponsor require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2019 are finalized. This amount is considered immaterial and has not been recorded in the Academy's financial statement.

14. Management's Plan Regarding Deficit Net Position

For fiscal year 2019, the Academy had an operating loss of $245,750, a decrease in net position of $131,923 and a cumulative net position deficit of $1,406,847. Management continues to take steps towards increasing student enrollment and containing costs, which would provide additional State funding and reduce expenses respectively, enabling the Academy to return to financial stability.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY, OHIO
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)						
Academy's Proportion of the Net Pension Liability	0.01379720%	0.01490830%	0.01269860%	0.01111720%	0.00832900%	0.00832900%
Academy's Proportionate Share of the Net Pension Liability	$ 790,191	$ 890,738	$ 929,420	$ 634,358	$ 421,526	$ 495,299
Academy's Covered Payroll	$ 459,867	$ 450,650	$ 394,371	$ 355,508	$ 244,481	$ 123,049
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.83%	197.66%	235.67%	178.44%	172.42%	402.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)						
Academy's Proportion of the Net Pension Liability	0.00280214%	0.00221804%	0.00186431%	0.00163104%	0.00102238%	0.00102238%
Academy's Proportionate Share of the Net Pension Liability	$ 616,128	$ 526,900	$ 624,041	$ 450,772	$ 248,678	$ 296,224
Academy's Covered Payroll	$ 318,557	$ 243,843	$ 196,164	$ 172,143	$ 112,492	$ 92,685
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.41%	216.08%	318.12%	261.86%	221.06%	319.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY, OHIO
Required Supplementary Information
Schedule of the Academy's Contributions -
Pension Last Seven Fiscal Years (1)

	2019	2018	2017	2016	2015	2014	2013
School Employees Retirement System (SERS)							
Contractually Required Contribution	$ 52,690	$ 62,082	$ 63,091	$ 55,212	$ 46,856	$ 33,885	$ 17,030
Contributions in Relation to the Contractually Required Contribution	(52,690)	(62,082)	(63,091)	(55,212)	(46,856)	(33,885)	(17,030)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Academy's Covered Payroll	$ 390,296	$ 459,867	$ 450,650	$ 394,371	$ 355,508	$ 244,481	$ 123,049
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
State Teachers Retirement System (STRS)							
Contractually Required Contribution	$ 29,490	$ 44,598	$ 34,138	$ 27,463	$ 24,100	$ 14,624	$ 12,049
Contributions in Relation to the Contractually Required Contribution	(29,490)	(44,598)	(34,138)	(27,463)	(24,100)	(14,624)	(12,049)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 210,643	$ 318,557	$ 243,843	$ 196,164	$ 172,143	$ 112,492	$ 92,685
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available

See accompanying notes to the required supplementary information.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY, OHIO
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
Last Three Fiscal Years (1)

	2019	2018	2017
School Employees Retirement System (SERS)			
Academy's Proportion of the Net OPEB Liability	0.01379720%	0.01499650%	0.01275480%
Academy's Proportionate Share of the Net OPEB Liability	$ 388,351	$ 402,467	$ 362,153
Academy's Covered Payroll	$ 459,867	$ 450,650	$ 394,371
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	84.45%	89.31%	91.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)			
Academy's Proportion of the Net OPEB Liability/(Asset)	0.00280214%	0.00221804%	0.00186431%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	$ (45,028)	$ 86,540	$ 99,704
Academy's Covered Payroll	$ 318,557	$ 243,843	$ 196,164
Academy's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.13%	35.49%	50.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

See accompanying notes to the required supplementary information.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY, OHIO
Required Supplementary Information
Schedule of the Academy's Contributions - OPEB
Last Seven Fiscal Years

	2019	2018	2017	2016	2015	2014	2013
School Employees Retirement System (SERS)							
Contractually Required Contribution (1)	$ 8,938	$ 9,866	$ 7,563	$ 5,729	$ 8,473	$ 4,492	$ 208
Contributions in Relation to the Contractually Required Contribution	(8,938)	(9,866)	(7,563)	(5,729)	(8,473)	(4,492)	(208)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Academy's Covered Payroll	$ 626,704	$ 459,867	$ 450,650	$ 394,371	$ 355,508	$ 244,481	$ 123,049
OPEB Contributions as a Percentage of Covered Payroll (1)	1.43%	2.15%	1.68%	1.45%	2.38%	1.84%	0.17%
State Teachers Retirement System (STRS)							
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,125	$ 927
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0	(1,125)	(927)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 386,693	$ 318,557	$ 243,843	$ 196,164	$ 172,143	$ 112,492	$ 92,685
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

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

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

Changes in Benefit Terms - SERS

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - STRS

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

Note 2 - Net OPEB Liability/(Asset)

Changes in Assumptions – SERS

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

Pre-Medicare

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

Medicare

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

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.92 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

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

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

Changes in Benefit Terms – STRS

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

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

The discussion and analysis of Hope Academy for Autism (the Academy) financial performance provides an overall review of the financial activities for fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights
Key financial highlights for the Hope Academy for Autism for fiscal year ended June 30, 2018 are as follows:

- Total assets and deferred outflows increased $69,624, which represents a 9.3 percent increase from 2017.
- Total liabilities and deferred inflows decreased $26,578 which represents a 1.3 percent decrease from 2017.
- Total revenue decreased $159,739, which represents a 11.1 percent decrease from 2017.
- Total expenses decreased $646,783, which represents a 35 percent decrease from 2017.
- Total net position increased $96,202, which represents a 7 percent increase from 2017.

Using this Financial Report
This financial report contains the basic financial statements of the Academy, as well as the required supplemental information and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

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

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

Table 1 provides a summary of the Academy's net position as of June 30, 2018.

(Table 1)
Net Position

	2018	2017	Change
Assets			
Current Assets	$ 35,059	$ 99,116	$(64,057)
Capital Assets, Net	3,010	7,408	(4,398)
Total Assets	38,069	106,524	(68,455)

Deferred Outflows of Resources			
Pension	700,238	633,911	66,327
OPEB	79,315	7,563	71,752
Total Deferred Outflows of Resources	779,553	641,474	138,079
Liabilities			
Current Liabilities	110,745	104,436	6,309
Long-Term Liabilities	1,906,645	2,015,318	(108,673)
Total Liabilities	2,017,390	2,119,754	(102,364)
Deferred Inflows of Resources			
Pension	25,861	-	25,861
OPEB	49,925	-	49,925
Total Deferred Inflows of Resources	75,786	-	75,786
Net Position			
Investment in Capital Assets	3,010	7,408	(4,398)
Unrestricted	(1,278,564)	(1,379,164)	100,600
Total Net Position	$(1,275,554)	$(1,371,756)	$ 96,202

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Academy adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP 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.

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

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

As a result of implementing GASB 75, the Academy is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($917,462) to ($1,371,756).

Table 2 shows the changes in net position for fiscal year ended June 30, 2018.

(Table 2)
Change in Net Position

	2018	Restated 2017	Change
Operating Revenues			
State Foundation	$ 1,136,808	$1,266,526	$(129,718)
Non-Operating Revenues			
Federal and State	106,372	151,158	(44,786)
Contributions	1,000	-	1,000
Miscellaneous	41,382	27,617	13,765
Total Revenues	1,285,562	1,445,301	(159,739)

Operating Expenses			
Salaries and Wages	828,406	780,489	47,917
Fringe Benefits	(9,338)	330,639	(339,977)
Purchased Services	311,132	669,214	(358,082)
Material and Supplies	30,829	27,291	3,538
Depreciation	4,398	4,425	(27)
Non-Operating Expenses			
Other Expenses	23,933	24,085	(152)
Total Expenses	1,189,360	1,836,143	(646,783)
Change in Net Position	96,202	(390,842)	487,044
Net Position, Beginning of Year (Restated)	(1,371,756)	N/A	N/A
Net Position, End of Year	$(1,275,554)	$(1,371,756)	$ 96,202

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 fringe benefits still include OPEB expense of $7,563 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB pension expense. Under GASB 75, the 2018 statements report negative OPEB expense of $15,189. Consequently, in order to compare 2018 total fringe benefits to 2017, the following adjustments are needed:

Total 2018 Fringe Benefits under GASB 75	$ (9,338)
Negative OPEB Expense under GASB 75	(15,189)
2018 Contractually Required Contribution	9,866
Adjusted 2018 Fringe Benefits	(14,661)
Total 2017 Fringe Benefits under GASB 45	330,639
Decrease in Fringe Benefits not Related to OPEB	$ (345,300)

Capital Assets
At June 30, 2018, capital assets of the Academy were $22,185, which were offset by $19,175 in accumulated depreciation resulting in net capital assets of $3,010. See Note 5 of the notes to the basic financial statements for additional information.

Restrictions and Other Limitations
The future stability of the Academy is not without challenges. The Academy does not receive any funds from taxes. The primary source of funding is the state foundation program. An economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the Academy.

Current Financial-Related Activities
The Academy is sponsored by Educational Resource Consultants of Ohio, Inc. The Academy is reliant upon State Foundation monies and Federal Sub-Grants to offer quality educational services to students. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Academy

This financial report is designed to provide a general overview of the finances of the Hope Academy for Autism and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Hope Academy for Autism, 10608 Penfield Avenue, Garfield Heights, Ohio 44125

.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

ASSETS	
CURRENT ASSETS	
Cash	$ 1,821
Intergovernmental Receivable	33,238
Total Current Assets	35,059
NON-CURRENT ASSETS	
Capital Assets, Net	3,010
TOTAL ASSETS	38,069
DEFERRED OUTFLOWS OF RESOURCES	
Pension	700,238
OPEB	79,315
TOTAL DEFERRED OUTFLOWS OF RESOURCES	779,553
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,594
Accrued Wages & Benefits	89,818
Intergovernmental Payable	18,333
Total Current Liabilities	110,745
LONG-TERM LIABILITIES	
Net Pension Liability (See Note 9)	1,417,638
OPEB Liability (See Note 9)	489,007
TOTAL LIABILITIES	2,017,390
DEFERRED INFLOWS OF RESOURCES	
Pension	25,861
OPEB	49,925
TOTAL DEFERRED INFLOWS OF RESOURCES	75,786
NET POSITION	
Investment in Capital Assets	3,010
Unrestricted	(1,278,564)
TOTAL NET POSITION	$ (1,275,554)

See accompanying notes to the financial statements.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OPERATING REVENUES:	
Foundation	$ 1,136,808
Total Operating Revenues	1,136,808
OPERATING EXPENSES	
Salaries and Wages	828,406
Fringe Benefits	(9,338)
Purchased Services	311,132
Materials and Supplies	30,829
Depreciation	4,398
Total Operating Expenses	1,165,427
Operating Loss	(28,619)
NON-OPERATING REVENUES/(EXPENSES)	
Federal and State Grant Revenue	106,372
Contributions	1,000
Other Revenue	41,382
Other Expenses	(23,933)
Total Non-Operating Revenues/(Expenses)	124,821
Change in Net Position	96,202
Net Position, Beginning of Year (Restated)	(1,371,756)
Net Position, End of Year	$ (1,275,554)

See accompanying notes to the financial statements.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

INCREASE (DECREASE) IN CASH	
Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 1,136,808
Cash Payments to Employees for Services and Benefits	(974,079)
Cash Payments to Suppliers for Goods and Services	(351,607)
Net Cash Used for Operating Activities	(188,878)
Cash Flows from Noncapital Financing Activities	
Federal and State Grants	134,088
Contributions	1,000
Other Revenue	41,382
Other Expenses	(23,933)
Net Cash Provided by Noncapital Financing Activities	152,537
Net Decrease in Cash	(36,341)
Cash, Beginning of Year	38,162
Cash, End of Year	$ 1,821
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	$ (28,619)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	4,398
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
(Increase) Decrease in Deferred Outflows	(138,079)
Increase (Decrease) in Accrued Wages	2,782
Increase (Decrease) in Intergovernmental Payable	13,173
Increase (Decrease) in Accounts Payable	(9,646)
Increase (Decrease) in Net Pension Liability	(135,823)
Increase (Decrease) in OPEB Liability	27,150
Increase (Decrease) in Deferred Inflows	75,786
Total Adjustments	(160,259)
Net Cash Used for Operating Activities	$ (188,878)

See accompanying notes to the financial statements.

1. Description of the Academy and Reporting Entity

Hope Academy for Autism (the Academy), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to provide a nurturing environment, and develop the full potential of gifted students within the Autistic Spectrum Disorders population, by using a multi-structured approach to addressing their individual needs. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Educational Resource Consultants of Ohio, Inc. (the Sponsor) for fiscal year ended June 30, 2013. The Academy entered into a one-year contract with the Sponsor commencing July 1, 2012. The Sponsor renewed the Academy's contract for two years commencing July 1, 2013. On June 1, 2016, the Sponsor renewed the Academy's contract for one year and will automatically renew for one year through June 30, 2018 due to the status of the sponsorship between the Ohio Department of Education and the Sponsor. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy is required to operate under the direction of a Governing Board consisting of at least five members. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax-exempt status.

2. Summary of Significant Accounting Policies

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation, if any) 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

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

2. Summary of Significant Accounting Policies (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

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

D. Cash

All monies received by the Academy are maintained in a demand deposit account. For purposes of the statement of cash flows, the Academy considers all investments having original maturities of 90 days or less as cash equivalents. The Academy did not have any investments during fiscal year 2018.

E. Capital Assets

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

All capital assets are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method. The Academy’s capital assets consist of vehicles, furniture and equipment, and improvements. Vehicles, furniture and equipment are depreciated over five years.

F. Estimates

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

G. Intergovernmental Revenues

The Academy is a participant in the State Foundation. The foundation is recognized as operating revenues in the accounting period in which it is earned, essentially the same as the fiscal year. Federal and State grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

For fiscal year 2018, intergovernmental revenues associated with the Foundation totaled $1,136,808. Revenues associated with specific education grants from the state and federal governments totaled $106,372.

H. Operating Revenues and Expenses

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

2. Summary of Significant Accounting Policies (Continued)

Non-operating revenues and expenses are those that are not generated directly by the Academy's primary mission. Various federal and state grants, interest earnings, if any, and payments made to the Academy by other instructional entities for use of the Academy's instructional staff comprise the non-operating revenues of the Academy. Interest and fiscal charges on outstanding obligations, as well as gain or loss on capital asset disposals, if any, comprise the non-operating expenses.

I. Accrued Liabilities
The Academy has recognized certain liabilities on its statement of net position relating to expenses, which are due but unpaid as of June 30, 2018. Accrued liabilities totaled $110,745 at June 30, 2018.

J. Deferred Outflows / Deferred Inflows of Resources
In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. For the Academy, deferred inflows of resources are reported on the statement of net position include pension and OPEB plans. Deferred inflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

K. Pensions/Other Postemployment Benefits (OPEB)
For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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.

L. Net Position
Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Investment in capital assets, if any, consists of capital assets, net of accumulated depreciation less any outstanding capital related debt. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position of the Academy at year-end represents unspent federal and state grant resources for specific instructional program. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

3. Change in Accounting Principles / Restatement of Net Position

For the fiscal year ended June 30, 2018, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments.*

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than

3. Change in Accounting Principles / Restatement of Net Position (Continued)

pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Academy.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. These changes were incorporated in the Academy's fiscal year 2018 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Academy.

Net Position, June 30, 2017	$ (917,462)
Adjustments:	
Net OPEB Liability	(461,857)
Deferred Outflow-Payments Subsequent to Measurement Date	7,563
Restated Net Position, July 1, 2017	$ (1,371,756)

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. Deposits

At June 30, 2018, the carrying amount of the Academy's deposits was $1,821 and the bank balance was $1,844. Of the bank deposits, all were covered under FDIC. Although all statutory requirements for the deposit of public money had been followed, non-compliance with federal requirements could potentially subject the Academy to a successful claim by the FDIC.

Custodial credit risk is the risk that in the event of bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk.

5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance 7/1/2016	Additions	Disposals	Balance 6/30/2018
Furniture and Equipment	$17,731	$ -	$ -	$17,731
Improvement	1,900	-	-	1,900
Bus	2,554	-	-	2,554
Total Capital Assets	22,185	-	-	22,185
Less: Accumulated Depreciation	(14,777)	(4,398)	-	(19,175)
Capital Assets, Net	$7,408	$ (4,398)	$ -	$3,010

6. Risk Management

A. Property and Liability

The Academy is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended June 30, 2018, the Academy maintains liability insurance with respect to the particular activities of the Academy in the building. The Academy contracted with Philadelphia Indemnity Insurance Company for its insurance coverage as follows:

General Liability per occurrence	$1,000,000
General Liability aggregate	$1,000,000

There have been no settlements paid in excess of insurance coverage, nor has insurance coverage been significantly reduced in the past three years.

B. Workers' Compensation

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

C. Employee Insurance Benefits

The Academy utilizes Aflac to provide health, life, vision, and dental insurance benefits to Academy employees.

7. Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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.

7. Defined Benefit Pension Plans (Continued)

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the

7. Defined Benefit Pension Plans (Continued)

average percentage increase in the Consumer Price Index, capped at three percent.

Funding Policy
Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2018.

The Academy's contractually required contribution to SERS was $62,082 for fiscal year 2018.

State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

7. Defined Benefit Pension Plans (Continued)

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 to 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, 2018, 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 2018 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was $44,598 for fiscal year 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
The net pension liability was measured as of June 30,2017, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Academy's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01490830%	0.00221804%	
Prior Measurement Date	0.01269860%	0.00186431%	
Change in Proportionate Share	0.00220970%	0.00035373%	
Proportionate Share of the Net Pension Liability	$ 890,738	$ 526,900	$ 1,417,638
Pension Expense	$ 65,102	$ (134,711)	$ (69,609)

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

7. Defined Benefit Pension Plans (Continued)

contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2018, 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	$ 38,332	$ 20,349	$ 58,681
Changes of Assumptions	46,060	115,239	161,299
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	181,458	192,120	373,578
Academy Contributions Subsequent to the Measurement Date	62,082	44,598	106,680
Total Deferred Outflows of Resources	$ 327,932	$ 372,306	$ 700,238
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 4,246	$ 4,246
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,228	17,387	21,615
Total Deferred Inflows of Resources	$ 4,228	$ 21,633	$ 25,861

$106,680 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 132,826	$ 92,458	$ 225,284
2020	110,148	116,108	226,256
2021	39,413	67,601	107,014
2022	(20,765)	29,908	9,143
	$ 261,622	$ 306,075	$ 567,697

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.

7. Defined Benefit Pension Plans (Continued)

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates among active members were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2017 actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

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

7. Defined Benefit Pension Plans (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
	100.00 %	

Discount Rate

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's Proportionate Share of the Net Pension Liability	$ 1,236,113	$ 890,738	$ 601,416

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent effective July 1, 2017

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

7. Defined Benefit Pension Plans (Continued)

rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. 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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

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

The following table presents the Academys's proportionate share of the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's Proportionate Share of the Net Pension Liability	$ 755,293	$ 526,900	$ 334,513

7. Defined Benefit Pension Plans (Continued)

Assumption Changes since the Prior Measurement Date

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

Benefit Term Changes since the Prior Measurement Date

Effective July 1, 2017, the COLA was reduced to zero.

8. Postemployment Benefits

Net Other Postemployment Benefit Liability (OPEB)

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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. Resulting adjustments to the net OPEB liability 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* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

8. Postemployment Benefits (Continued)

School Employees Retirement System (SERS)

Health Care Plan Description

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

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

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the Academy's surcharge obligation was $7,567.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $9,866 for fiscal year 2018.

State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

8. Postemployment Benefits (Continued)

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, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability was based on the Academy's share of contributions to the 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			
Current Measurement Date	0.01499650%	0.00221804%	
Prior Measurement Date	0.01270548%	0.00186431%	
Change in Proportionate Share	0.00229102%	0.00035373%	
Proportionate Share of the Net OPEB Liability	$ 402,467	$ 86,540	$ 489,007
OPEB Expense	$ 38,893	$ (23,704)	$ 15,189

At June 30, 2018, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 4,995	$ 4,995
Changes in Proportionate Share and Differences between Academy Contributions and Proportionate Share of Contributions	48,239	16,215	64,454
Academy Contributions Subsequent to the Measurement Date	9,866	0	9,866
Total Deferred Outflows of Resources	$ 58,105	$ 21,210	$ 79,315
Deferred Inflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 1,063	$ 3,699	$ 4,762
Changes of Assumptions	38,192	6,971	45,163
Total Deferred Inflows of Resources	$ 39,255	$ 10,670	$ 49,925

8. Postemployment Benefits (Continued)

$9,866 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 3,374	$ 1,448	$ 4,822
2020	3,374	1,448	4,822
2021	2,501	1,448	3,949
2022	(265)	1,449	1,184
2023	0	2,373	2,373
Thereafter	0	2,374	2,374
	$ 8,984	$ 10,540	$ 19,524

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, 2017, are presented below:

8. Postemployment Benefits (Continued)

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

8. Postemployment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 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 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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 (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Academy's Proportionate Share of the Net OPEB Liability	$ 486,030	$ 402,467	$ 336,263

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	$ 326,572	$ 402,467	$ 502,915

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

8. Postemployment Benefits (Continued)

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

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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

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

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

8. Postemployment Benefits (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. 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 not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

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

The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Academy's Proportionate Share of the Net OPEB Liability	$ 116,178	$ 86,540	$ 63,116

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	$ 60,124	$ 86,540	$ 121,306

9. Long-Term Obligations

The changes in the Academy's long-term obligations during fiscal year 2018 were as follows:

	Principal Outstanding 7/1/2017	Additions	Reductions	Principal Outstanding 6/30/2018	Amount Due in One Year
Net Pension Liability:					
STRS	$ 624,041	$ -	$ 97,141	$ 526,900	$ -
SERS	929,420	-	38,682	890,738	-
Total Net Pension Liability	1,553,461	-	135,823	1,417,638	-
Net OPEB Liability:					
STRS	99,704	-	13,164	86,540	-
SERS	362,153	40,314	-	402,467	-
Total Net OPEB Liability	461,857	40,314	13,164	489,007	-
Total Long-Term Liabilities	$2,015,318	$ 40,314	$ 148,987	$1,906,645	$ -

10. Purchased Services

For fiscal year ended June 30, 2018, purchased service expenses were as follows:

Professional Services	106,038
Property	163,965
Travel / Meeting	1,464
Communication	6,147
Utilities	11,939
Contracted Services	19,930
Transportation	1,649
Other	-
Total Purchased Services	$ 311,132

11. Operating Lease

On May 24, 2012, the Academy entered into a lease agreement with the Shepherd of All God's Children Development Center for a portion of a building in the amount of $10,000 per month. The lease is for 3 years, ending December 31, 2015, with the option to renew for one extended term of 2 years.

On October 1, 2015, the Academy entered into a commercial lease agreement with the Shepherd of All God's Children Development Center for a portion of a building for Hope for Autism 2 in the amount of $7,000 per month. The lease end September 2016. The lease may renew for one extended term of 2 years. Lease payments to the Shepherd of All God's Children Development totaled $126,780 for the fiscal year ended June 30, 2018.

The Academy leases an office equipment under non-cancelable operating lease that expires in 2021. Total equipment lease expense for the fiscal year ended June 30, 2018 was $2,412. The lease agreement grants the Academy options to renew the lease, purchase the office equipment at fair market

11. Operating Lease (Continued)

value or return the office equipment.

Future minimum lease payments under non-cancelable operating lease with remaining terms in excess of one year as of June 30, 2018 are:

Fiscal Years Ending June 30:	
2019	2,412
2020	2,412
2021	402
Total	$ 5,226

12. Sponsor

A sponsorship agreement was executed between the Academy and the Educational Resource Consultants of Ohio for two (2) year period commencing July 1, 2013. On June 1, 2016, the Sponsor renewed the Academy's contract for one year and will automatically renew for one year through June 30, 2018 due to the status of the sponsorship between the Ohio Department of Education and the Sponsor. Under this agreement, the Academy pays the Sponsor 3% of State Aid. The Academy's sponsor fee expense at June 30, 2018 totaled $33,850.

13. Contingencies

A. Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2018, if applicable, cannot be determined at this time.

B. Full-Time Equivalency

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2018.

As of the date of this report, additional ODE adjustments for fiscal year 2018 are finalized. FTE adjustments resulted in an overpayment of $8,902 due to the ODE. This amount was recorded as an intergovernmental payable in the Academy's financial statements.

In addition, the Academy's contract with their Sponsor require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2018 are finalized. This amount is considered immaterial and has not been recorded in the Academy's financial statement.

14. Management's Plan Regarding Deficit Net Position

For fiscal year 2018, the Academy had an operating loss of $28,619, an increase in net position of $96,202 and a cumulative net position deficit of $1,275,554. Management continues to take steps towards increasing student enrollment and containing costs, which would provide additional State funding and reduce expenses respectively, enabling the Academy to return to financial stability.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)					
Academy's Proportion of the Net Pension Liability	0.01490830%	0.01269860%	0.01111720%	0.00832900%	0.00832900%
Academy's Proportionate Share of the Net Pension Liability	$ 890,738	$ 929,420	$ 634,358	$ 421,526	$ 495,299
Academy's Covered Payroll	$ 450,650	$ 394,371	$ 355,508	$ 244,481	$ 123,049
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	197.66%	235.67%	178.44%	172.42%	402.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)					
Academy's Proportion of the Net Pension Liability	0.00221804%	0.00186431%	0.00163104%	0.00102238%	0.00102238%
Academy's Proportionate Share of the Net Pension Liability	$ 526,900	$ 624,041	$ 450,772	$ 248,678	$ 296,224
Academy's Covered Payroll	$ 243,843	$ 196,164	$ 172,143	$ 112,492	$ 92,685
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.08%	318.12%	261.86%	221.06%	319.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY
Required Supplementary Information
Schedule of the Academy's Contributions - Pension
Last Six Fiscal Years (1)

	2018	2017	2016	2015	2014	2013
School Employees Retirement System (SERS)						
Contractually Required Contribution	$ 62,082	$ 63,091	$ 55,212	$ 46,856	$ 33,885	$ 17,030
Contributions in Relation to the Contractually Required Contribution	(62,082)	(63,091)	(55,212)	(46,856)	(33,885)	(17,030)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Academy's Covered Payroll	$ 459,867	$ 450,650	$ 394,371	$ 355,508	$ 244,481	$ 123,049
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
State Teachers Retirement System (STRS)						
Contractually Required Contribution	$ 44,598	$ 34,138	$ 27,463	$ 24,100	$ 14,624	$ 12,049
Contributions in Relation to the Contractually Required Contribution	(44,598)	(34,138)	(27,463)	(24,100)	(14,624)	(12,049)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Academy's Covered Payroll	$ 318,557	$ 243,843	$ 196,164	$ 172,143	$ 112,492	$ 92,685
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available

See accompanying notes to the required supplementary information.

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY, OHIO
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years (1)

	2018	2017
School Employees Retirement System (SERS)		
Academy's Proportion of the Net OPEB Liability	0.01499650%	0.01270548%
Academy's Proportionate Share of the Net OPEB Liability	$ 402,467	$ 362,153
Academy's Covered Payroll	$ 450,650	$ 394,371
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.31%	91.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
State Teachers Retirement System (STRS)		
Academy's Proportion of the Net OPEB Liability	0.00221804%	0.00186431%
Academy's Proportionate Share of the Net OPEB Liability	$ 86,540	$ 99,704
Academy's Covered Payroll	$ 243,843	$ 196,164
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.49%	50.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information .

HOPE ACADEMY FOR AUTISM
TRUMBULL COUNTY, OHIO
Required Supplementary Information
Schedule of the Academy's Contributions - OPEB
Last Six Fiscal Years (2)

	2018	2017	2016	2015	2014	2013
School Employees Retirement System (SERS)						
Contractually Required Contribution (1)	$ 9,866	$ 7,563	$ 5,729	$ 8,473	$ 4,492	$ 208
Contributions in Relation to the Contractually Required Contribution	(9,866)	(7,563)	(5,729)	(8,473)	(4,492)	(208)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Academy's Covered Payroll	$ 459,867	$ 450,650	$ 394,371	$ 355,508	$ 244,481	$ 123,049
OPEB Contributions as a Percentage of Covered Payroll (1)	2.15%	1.68%	1.45%	2.38%	1.84%	0.17%
State Teachers Retirement System (STRS)						
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 1,125	$ 927
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	(1,125)	(927)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Academy's Covered Payroll	$ 318,557	$ 243,843	$ 196,164	$ 172,143	$ 112,492	$ 92,685
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

School Employees Retirement System (SERS) of Ohio

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

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

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

State Teachers Retirement System (STRS) of Ohio

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

Changes in Benefit Terms: Effective for fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

NOTE 2 - NET OPEB LIABILITY

School Employees Retirement System (SERS) of Ohio

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

Municipal Bond Index Rate:
Fiscal year 2018 3.56 percent
Fiscal year 2017 2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation
Fiscal year 2018 3.63 percent
Fiscal year 2017 2.98 percent

State Teachers Retirement System (STRS) of Ohio

Changes in Assumptions: For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad 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*

Hope Academy for Autism
Trumbull County
10608 Penfield Ave.
Garfield Heights, OH 44125

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Hope Academy for Autism, Trumbull County, Ohio (the Academy), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 7, 2021, wherein we noted the Academy adopted Governmental Accounting Standards Board Statement 75.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. We consider finding 2019-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2019-003 and 2019-004 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2019-001.

Academy's Response to Findings

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Academy's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2021

SCHEDULE OF FINDINGS
JUNE 30 2019 AND 2018

1. **Full Time Equivalency Reporting**

FINDING NUMBER 2019-001

NONCOMPLIANCE

Ohio Rev. Code § 3314.08 provides the formula by which Community Schools are funded. Community Schools receive funding from the state through the per-pupil foundation allocation. Unlike city, local, exempted village and joint vocational school districts, Community Schools have no tax base from which to draw funds for buildings and investment in infrastructure. Ohio Rev. Code § 3314.191 states that no payments will be made under Ohio Rev. Code § 3314.08 during the first year of operations unless certain conditions are met.

Community schools must provide documentation that clearly demonstrates students have commenced participation in learning opportunities, through attendance records.

During a 2019, the Ohio Department of Education (ODE) conducted a full time equivalency (FTE) review. The Academy did provide documents for seven of the twenty-five students that were requested. ODE recommended that the Academy obtain the missing documents and review and strengthen the admission process to ensure that all appropriate records are collected and retained. The Academy was instructed to develop and submit and Action Plan and provide supporting documentation within 30 days of receiving the notification.

For the audit of fiscal years 2019 and 2018, documentation could not be provided for student enrollment, withdrawal and attendance.

The Academy should obtain and retain all documentation required for FTE information as required by ODE.

Official's Response – The former Director is in possession of the documents and records requested by the auditor but after repeated requests both via email/text and in person she refused to provide the documents. The Treasurer and Management company official attempted to retrieve the documents with the assistance of the Youngstown Police Department but the Director refused to release the documents. The school's attorneys have been involved with attempts to retrieve documents, as well.

2. **Missing Records and Overall Lack of Controls**

FINDING NUMBER 2019-002

MATERIAL WEAKNESS

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Academy's former Director is in possession of the following Academy records, which were not available for audit, and she will not provide them to the Academy:

- Supporting documentation for non-payroll expenditures for 4 of the 38 transactions selected for testing.
- Seventeen of twenty-four credit card statements. From the seven statements that existed, we noted numerous charges that did not have supporting documentation. Refer to Finding 2019-005.
- March 8, 2018 Board of Directors meeting minutes and all of 2019 Board resolutions.
- 2018 and 2019 employee timesheets.
- Authorized pay rates for 52 of the 65 employees selected for payroll testing.

Additionally, Ohio Administrative Code §117-2-01(A) states all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. Section (B) defines "Internal control" as a process effected by an entity's governing board, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

1. Reliability of financial reporting;
2. Effectiveness and efficiency of operations;
3. Compliance with applicable laws and regulations; and
4. Safeguarding of assets.

Subsection (C) provides that internal control consists of interrelated components (such as but not limited to):

1. Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
2. Control activities, which are policies and procedures that help ensure management directives are carried out so as to identify and assess the risks of material misstatements, whether due to fraud or error, at the financial statement and relevant assertion levels.
3. Information and communication, which are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
4. Monitoring, which is a process that assesses the quality of internal control performance over time.

(D) When designing the public office's system of internal control and the specific control activities, management should consider the following (such as but not limited to):

1. Ensure that all transactions are properly authorized in accordance with management's policies.
2. Ensure that accounting records are properly designed.
3. Ensure adequate security of assets and records.
4. Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

We noted the lack of internal controls that allowed the following:

- One check was cashed without the authorized signature.
- Checks were not sequentially numbered.
- Cash amounts did not correspond to the general ledger balances for fiscal year-end 2018 in the operating account and in fiscal year 2019 in the operating and payroll accounts.
- Two payrolls paychecks to the former Director were miscoded as Staff Travel/meetings/meals.
- Checks were paid without required approval.
- Bills were not paid timely, including rent, therapy and employment taxes. Refer to Finding 2019-004.
- Board of Directors' meetings were not held consistently.
- Accounting system reports were not consistent.
- No Board committees exist, including financial and auditing committees.
- No budget vs. actual reports are approved by the Board.
- No corrective action was taken on prior audit and management letter findings.
- ADM information was not submitted accurately to the Ohio Department of Education.
- Appointment of the former Director's family members to Academy paid positions.

The Academy should maintain all documents for all financial transactions and records be maintained in an orderly manner to support all transactions. In addition, the Board and Directors should ensure the financial controls are in operation including the following:

- Policies for checks are instituted and adhered to;
- Attend monthly meetings;
- Review checks and their approval status;
- Pay bills timely;
- Determine if system is adequate for financial accuracy and consistency;
- Appoint Board to committees for additional oversight;
- Approve budget reports;
- Take corrective action on audit reports;
- Submit accurate information to ODE; and
- Appointments made independent of conflicts of interest.

Official's Response – The former Director is in possession of the documents and records requested by the auditor but after repeated requests both via email/text and in person she refused to provide the documents. The Treasurer and Management company official attempted to retrieve the documents with the assistance of the Youngstown Police Department but the Director refused to release the documents. The school's attorneys have been involved with attempts to retrieve documents, as well.

3. **Segregation of Duties**

FINDING NUMBER 2019-003

SIGNIFICANT DEFICIENCY

Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected.

Proper segregation of duties is not possible when only one or two people handle all four aspects of the internal control cycle, (record keeping, authorization, custody and reconciliation).

During the review of the Academy's internal control design and implementation, it was noted that the same employee or employees were responsible for multiple, incompatible steps without evidence of compensating controls when completing the payroll function.

Due to the small size of the Academy, segregation of duties is not always feasible. In such situations, proper oversight by the Board and/or finance committee can compensate to a certain extent, deficiencies in segregation of duties.
This lack of segregation of duties might lead to fraud, theft, or errors going undetected.

The Academy should perform an evaluation of its operations to see if incompatibilities exist in key processes, particularly payroll. The Board should evaluate each incompatibility and address them either by splitting up the incompatible tasks or establishing and implementing compensating controls to address the increased risks. Failure to do so could result in fraud and errors going undetected in a timely manner.

In addition, for those cycles for which segregation of duties is not possible, the Board should enact additional monitoring controls. The Board should take an active role in the operations of the Academy, including, review of monthly reconciliations, budget v. actual reports, and review of receipt and disbursement ledgers. Implementation of these procedures may help strengthen internal control over the entire financial reporting cycle and help create a culture of accountability and assist in protecting the Academy from unnecessary loss and errors.

Official's Response – The Board will be forming a finance committee for additional oversight to compensate for the deficiencies in segregation of duties due to the school's small size.

4 **Financial Distress**

FINDING NUMBER 2019-004

SIGNIFICANT DEFICIENCY

The Academy's cash balance decreased significantly from fiscal years 2016 to 2019, as did year-end net position, and student enrollment.

The following table shows the changes from 2016 through 2019.

	FY 2016	FY 2017	FY 2018	FY 2019
Ending Cash	$228,025	$38,162	$1,821	$9,838
Net Position	(526,620)	(1,371,756)	(1,275,554)	(1,406,966)
# of Students	60	60	59	50

In 2018 and 2019 the Academy had to borrow money from its board members to continue operations. However, vendors and government agencies were still paid late. As a result, we noted the Academy was assessed late fees and penalties of $22,500 by the School Employees Retirement System.

The Academy did not have adequate plans in place to prevent these financial conditions.

The Academy should formulate a plan to address the potential cash flow issues that could arise due to these trends. This plan can include increasing enrollment or decreasing costs by streamlining various areas or evaluating the current building leasing needs.

Official's Response – The school has engaged the services of a management company (AIC Education Partners) to assist with increasing and maintaining enrollment. Enrollment has more than doubled since AIC Education Partners has been managing the school.

In addition, we identified the following other issue related to Findings for Recovery. The issue did not impact our GAGAS report.

1. **Director Overpayments - Finding for Recovery**

FINDING NUMBER 2019-005

During our review of non-payroll expenses, we noted the former Director was reimbursed by the Hope Academy for Autism for two travel/meeting expenses in which she was also reimbursed for by the Shepherd of All God's Children for $590 on September 26, 2017 and $442 on June 18, 2018. The former Director is also the Director/Founder of Shepherd of All God's Children (SOAGC).

When reviewing credit card expenses of the card maintained by the former Director, Kimberly Clinkscale, we noted interest and late fees assessed in fiscal years 2018 and 2019 of $75, cash advances of $1,713 and purchases without supporting documentation of $3,482. Without supporting documentation, proper public purpose could not be determined. Some of the concerns were two payments to a cable company on the same day, a restaurant purchase on a Sunday, and grocery and clothes purchases.

We also noted a bank deposit of District receipts of $1,000 on February 27, 2019. However, there were bank withdraws on February 26 and 27, 2019 of $500 each. No proper public purpose could be determined.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against the former Director, Kimberly Clinkscale, for $7,302 and in favor of the Hope Academy.

The former Director should reimburse the Academy the amounts above.

Official's Response – The former Director was repeatedly asked for receipts to support the transactions on the credit card but failed to produce them so those charges were not paid by the school. The credit card was not opened using the schools EIN, nor the schools Treasurer's name, so the Treasurer was not able to cancel the card. There was still an unpaid balance and because the Treasurer was not an authorized representative on the card.

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

HOPE ACADEMY FOR AUTISM

CUYAHOGA 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 1/27/2022

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