

YOUNGSTOWN ACADEMY OF
EXCELLENCE
MAHONING COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Directors
Youngstown Academy of Excellence
1408 Rigby Street
Youngstown, Ohio 44506

We have reviewed the *Independent Auditor's Report* of the Youngstown Academy of Excellence, Mahoning County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

February 03, 2022

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**YOUNGSTOWN ACADEMY OF EXCELLENCE
MAHONING COUNTY, OHIO**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Youngstown Academy of Excellence
Mahoning County, Ohio
1408 Rigby Street
Youngstown, Ohio 44506

Report on the Financial Statements

We have audited the accompanying financial statements of the Youngstown Academy of Excellence, Mahoning County, Ohio, (the “Academy”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of a Matter

The accompanying financial statements have been prepared assuming the Academy will continue as a going concern. As disclosed in Note 17 to the financial statements, the Academy has suffered recurring losses from operations and has a net position deficit that raises substantial doubt about its ability to continue as a going concern. Note 17 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, and Pension and other Post-Employment Benefit Schedules* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Cambridge, Ohio
December 28, 2021

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 - UNAUDITED

The discussion and analysis of the Youngstown Academy of Excellence's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the financial statements and notes to the financial statements to enhance their understanding of the Academy's financial performance. The first year of the Academy's operations was 2006.

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

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the Academy for the fiscal year 2021 are as follows:

- Net position increased \$370,231.
- Total revenue increased from \$2,121,962 in fiscal 2020 to \$2,695,155 in fiscal 2021.
- Total operating expenses (excluding interest) increased from \$1,884,774 in fiscal 2020 to \$2,292,513 in fiscal year 2021.
- Enrollment increased from 183 to 217 in fiscal year 2021.

OVERVIEW OF FINANCIAL STATEMENTS

The financial report consists of three parts –required supplemental information, the basic financial statements, and the notes to the financial statements. These statements are organized so the reader can understand the financial position of the Academy. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all deferred outflows of resources and all liabilities and all deferred inflows of resources are included on the statement of net position. The statement of net position represents the statement of position of the Academy. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The statement of cash flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from governmental-wide financial statements is included in the discussion and analysis.

The following tables represent a summary the Academy's condensed financial information for 2021 and 2020 derived from the statement of net position and the statement of revenues, expenses and changes in net position.

Table 1 provides a summary of the Academy's nets position for 2021 as compared to 2020:

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 - UNAUDITED

Table 1
Statement of Net Position

	<u>2021</u>	<u>2020</u>
Assets:		
<i>Current assets:</i>		
Cash and Cash Equivalents	\$ 103,033	\$ 56,631
Accounts Receivable	2,300	2,300
Intergovernmental Receivable	331,831	38,264
Prepaid Expense	46,200	68,219
Total current assets	<u>483,364</u>	<u>165,414</u>
<i>Noncurrent assets:</i>		
Net OPEB Asset	88,955	84,825
Capital Assets, net of Accumulated Depreciation	115,309	86,388
Total current assets	<u>204,264</u>	<u>171,213</u>
Total assets	687,628	336,627
Deferred Outflows of Resources	<u>330,546</u>	<u>353,496</u>
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable, Trade	148,516	26,798
Accounts Payable, Related Party	105,877	137,547
Accrued Expenses	119,611	55,991
Advances from Charter School Capital	80,100	160,200
Total current liabilities	<u>454,104</u>	<u>380,536</u>
<i>Noncurrent liabilities:</i>		
Net Pension Liability	1,451,900	1,491,691
Net OPEB Liability	74,987	139,805
Noncurrent Portion of Long-term Debt	750,000	750,000
Total noncurrent liabilities	<u>2,276,887</u>	<u>2,381,496</u>
Total liabilities	2,730,991	2,762,032
Deferred Inflows of Resources	<u>467,486</u>	<u>478,625</u>
Net Position:		
Invested in Capital Assets	115,309	86,388
Unrestricted Net Position	(2,295,612)	(2,636,922)
Total Net Position	<u>\$ (2,180,303)</u>	<u>\$ (2,550,534)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 - UNAUDITED

The Academy has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," 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 and net OPEB asset.

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

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 - UNAUDITED

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB asset/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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

There was a significant change in net pension / OPEB liability / asset for the Academy. The fluctuations are due to changes in the actuarial liabilities / assets and related accruals that are passed through to the Academy's financial statement. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows / inflows and net pension/OPEB liabilities/asset and are described in more detail in their respective notes.

Current assets increased due to increases in cash from operations, in addition to increases in intergovernmental receivables due to additional COVID-19 funding allocations. Current liabilities increased due to increase in accounts payable offset by decreases in advances payable.

Statement of Revenues, Expenses and Change in Net Position - Table 2 shows the change in Net Position for fiscal years 2021 and 2020 as well as a listing of revenues and expenses. This change in Net Position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 - UNAUDITED

Table 2 reflects the changes in net position for the fiscal year 2021 as compared to 2020:

Table 2
Statement of Revenues, Expenses, and Changes in Net Position

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
State Aid	\$ 1,872,485	\$ 1,654,014
Miscellaneous	2,294	825
Total Operating Revenues	<u>1,874,779</u>	<u>1,654,839</u>
Operating Expenses:		
Purchased Services	2,173,888	1,812,747
Depreciation	21,799	4,892
Supplies	59,982	29,466
Other Operating Expenses	36,844	37,669
Total Operating Expenses:	<u>2,292,513</u>	<u>1,884,774</u>
Operating Income (Loss)	(417,734)	(229,935)
Nonoperating Revenues and (Expenses):		
Federal and State Restricted Grants	815,876	459,623
Other Grants	4,500	7,500
Interest Expense	(32,411)	(53,705)
Net Nonoperating Revenues and (Expenses)	<u>787,965</u>	<u>413,418</u>
Change in Net Position	<u>\$ 370,231</u>	<u>\$ 183,483</u>

State Aid increase is caused by an increase in enrollment from 183 in 2020 to 217 in 2021. The increase in purchased services is caused by an increase in staff needed to support the increase in enrollment in addition to fluctuations due to changes in GASB 68&75 related accruals. Federal and State Restricted Grants increased due to additional COVID-19 federal grant allocations.

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YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 - UNAUDITED

CAPITAL ASSETS

At the end of fiscal year 2021, the Academy had \$115,309 invested in capital assets (net of accumulated depreciation) for leasehold improvements, computers, furniture and other equipment. The following table shows fiscal year 2021 compared to 2020:

	Capital Assets at June 30 (Net of Depreciation)		
	2021	2020	Change
Furniture & Equipment	\$ 114,136	\$ 84,043	\$ 30,093
Computer Technology	1,173	2,345	(1,172)
Net Capital Assets	<u>\$ 115,309</u>	<u>\$ 86,388</u>	<u>\$ 28,921</u>

For further information regarding the Academy's capital assets, refer to Note 5 of the basic financial statements.

DEBT

At June 30, 2021, the Academy had advances outstanding from Charter School Capital of \$80,100 all of which is due within one year and a long-term note with the Academy's management company, Accel Schools in the amount of \$750,000. During fiscal year 2021, no principal payments were made on the note. For further information regarding the Academy's debt, refer to Note 6 and 7 of the Basic Financial Statements.

OPERATIONS

The Academy is a community School and is funded through the State of Ohio Foundation Program. The Academy relies on this, as well as, State and Federal funds as its primary source of revenue. In 2021, the State increased the base per pupil funding to \$5,980, which is up from \$5,931 in the previous year. This decrease was attributable to the impacts of COVID-19 (See Note 18). Additionally, community schools in Ohio will be allocated a small amount of facilities funding which is also per pupil based. This amount was \$250 per pupil in fiscal year 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the academy's finances and to show the Academy's accountability for the money it receives. If you have any questions concerning this report, please contact the Academy's Fiscal Officer, C. David Massa, CPA of Massa Financial Solutions, LLC, 1408 Rigby Street, Youngstown, Ohio 44506.

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO
Statement of Net Position
June 30, 2021

Assets:

Current Assets:

Cash and Cash Equivalents	\$	103,033
Accounts Receivable		2,300
Intergovernmental Receivable		331,831
Prepaid Expense		46,200
Total Current Assets		483,364

Noncurrent Assets:

Net OPEB Asset		88,955
Capital Assets, net of Accumulated Depreciation		115,309
Total Non-Current Assets		204,264

Total Assets 687,628

Deferred Outflows of Resources:

Pension (STRS & SERS)		303,829
OPEB (STRS & SERS)		26,717
Total Deferred Outflows of Resources		330,546

Liabilities:

Current Liabilities:

Accounts Payable, Trade		148,516
Accounts Payable, Related Party		105,877
Accrued Expenses		119,611
Advances Payable		80,100
Total Current Liabilities		454,104

Noncurrent Liabilities:

Net Pension Liability		1,451,900
Net OPEB Liability		74,987
Non Current Portion of Long Term Debt		750,000
Total Noncurrent Liabilities		2,276,887

Total Liabilities 2,730,991

Deferred Inflows of Resources:

Pension (STRS & SERS)		228,013
OPEB (STRS & SERS)		239,473
Total Deferred Inflows of Resources		467,486

Net Position:

Invested in Capital Assets		115,309
Unrestricted Net Position		(2,295,612)
Total Net Position		\$ (2,180,303)

See Accompanying Notes to the Basic Financial Statements

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

Operating Revenues:	
State Aid	\$ 1,872,485
Miscellaneous	2,294
Total Operating Revenues	1,874,779
Operating Expenses:	
Purchased Services	2,173,888
Depreciation	21,799
Supplies	59,982
Other Operating Expenses	36,844
Total Operating Expenses	2,292,513
Operating Income (Loss)	(417,734)
Non-Operating Revenues and (Expenses):	
Federal and State Restricted Grants	815,876
Other Grants	4,500
Interest Expense	(32,411)
Net Non-operating Revenues and (Expenses)	787,965
Change in Net Position	370,231
Net Position - Beginning of Year	(2,550,534)
Net Position - End of Year	\$ (2,180,303)

See Accompanying Notes to the Basic Financial Statements

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
State Aid Receipts	\$ 1,872,485
Miscellaneous Receipts	2,294
Cash Payments to Suppliers for Goods and Services	<u>(2,191,955)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(317,176)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grant Receipts	522,309
Note Payable Interest Payments	(18,750)
Charter School Capital - Program Fees	(13,661)
Charter School Capital - Payments	(961,200)
Charter School Capital - Redemptions	881,100
Other Grants	4,500
Net Cash Provided By Noncapital Financing Activities	<u>414,298</u>
CASH FLOWS FOR CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Assets	<u>(50,720)</u>
Net Cash Used For Capital and Related Financing Activities	<u>(50,720)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	46,402
Cash and Cash Equivalents - Beginning of the Year	56,631
Cash and Cash Equivalents - Ending of the Year	<u>\$ 103,033</u>

See Accompanying Notes to the Basic Financial Statements

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Continued)

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ (417,734)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Depreciation	21,799
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:	
(Increase)/ Decrease in Net OPEB Asset	(4,130)
(Increase)/ Decrease in Prepaid Expense	22,019
(Increase)/ Decrease in Deferred Outflows Pension	19,475
(Increase)/ Decrease in Deferred Outflows OPEB	3,475
Increase/ (Decrease) in Net Pension Liability	(39,791)
Increase/ (Decrease) in Net OPEB Liability	(64,818)
Increase/(Decrease) in Accounts Payable, Trade	121,718
Increase/(Decrease) in Accounts Payable, Related Party	(31,670)
Increase/(Decrease) in Accrued Expenses	63,620
Increase/ (Decrease) in Deferred Inflows Pension	(53,865)
Increase/ (Decrease) in Deferred Inflows OPEB	42,726
Net Cash Provided By (Used For) Operating Activities	<u>\$ (317,176)</u>

See Accompanying Notes to the Basic Financial Statements

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – DESCRIPTION OF ACADEMY

The Youngstown Academy of Excellence (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 3314. The Academy offers education for Ohio children in grades K-8. The Academy is independent of any Academy and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy. The Academy is a federally recognized 501(c)(3) nonprofit corporation established pursuant to Ohio Revised Code Chapter 1702.

The Academy was initially approved for operation under a contract with the St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing after July 1, 2005 and, with extensions, continued through June 30, 2012. Effective July 1, 2012 through June 30, 2015 and extended through June 30, 2019, the Academy was approved for operation under a sponsor contract with Ohio Department of Education. Effective July 1, 2019 the sponsor has changed to St. Aloysius Orphanage through June 30, 2024. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a Governing Board that consists of five individuals who are not owners or employees, or immediate relatives or owners or employees of any for-profit firm that operate or manage the Academy for the Governing Board. The Board is responsible for carrying out the provisions of the contract that 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 contracts with Accel Schools for management services including management of personnel and human resources, the program of instruction, technology, marketing, data management, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities. See Note 15.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. 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.

Basis of Presentation - The Academy’s basic financial statements consist of a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The Academy uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Measurement Focus - The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets, deferred outflows/deferred inflows of resources, and liabilities associated with the operation of the Academy are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net position.

The statement of cash flows reflects how the Academy finances meet its cash flow needs.

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

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

Cash and Cash Equivalents - Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net position. The Academy had no investments during the fiscal year ended June 30, 2021.

Prepaid Items - The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2021, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets - The Academy's capital assets during fiscal year 2021 consisted of furniture, computers and other equipment as well as leasehold improvements to make the lower level of the facility useable. All capital assets are capitalized at cost and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The Academy maintains a capitalization threshold of one thousand five hundred dollars. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

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

<u>Description</u>	<u>Useful Lives</u>
Furniture and Equipment	5-20 years
Computer Technology	5 years
Leasehold Improvements	Remaining term of the facility lease

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

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

Deferred Inflows and Deferred Outflows 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 a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial 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 until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Notes 10 and 11)

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

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 those estimates.

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 - CASH AND CASH EQUIVALENTS

The Academy classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

The Academy maintains its cash balances at Huntington Bank and The Bankers Bank. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2021, the book amount of the Academy's deposits was \$103,033 and the bank balance was \$118,328.

The Academy had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2021, none of the bank balance was exposed to custodial credit risk.

NOTE 4 - RECEIVABLES

At June 30, 2021, the Academy had intergovernmental receivables in the amount of \$331,831. These receivables represent monies due from federal grants which was not received as of June 30, 2021. There is \$2,300 in accounts receivable from vendor refunds. The receivables are expected to be collected within one year.

NOTE 5 – CAPITAL ASSETS

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

	Balance 06/30/20	Additions	Deletions	Balance 06/30/21
Capital Assets:				
Computer Technology	\$ 207,727	\$ -	\$ -	\$ 207,727
Furniture & Equipment	145,272	50,720	-	195,992
Leasehold Improvements	40,658	-	-	40,658
	<u>393,657</u>	<u>50,720</u>	<u>-</u>	<u>444,377</u>
Total Capital Assets				
Less Accumulated Depreciation:				
Computers & Technology	(205,382)	(1,172)	-	(206,554)
Furniture & Equipment	(61,229)	(20,627)	-	(81,856)
Leasehold Improvements	(40,658)	-	-	(40,658)
Total Accumulated Depreciation	<u>(307,269)</u>	<u>(21,799)</u>	<u>-</u>	<u>(329,068)</u>
Total Capital Assets, Net	<u>\$ 86,388</u>	<u>\$ 28,921</u>	<u>-</u>	<u>\$ 115,309</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – ADVANCES PAYABLE

During the fiscal year ending 2021, the Academy received working capital advances from Charter School Capital through a receivables purchase agreement. As the Academy receives its monthly State funding, these advances are repaid, however, the Academy may elect to receive future advances from Charter School Capital by entering into additional agreements. The total cost of funding for the year was \$13,661.

A summary of advances payable for the Academy at June 30, 2021, is as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021
Charter School Capital	\$ 160,200	\$ 881,100	\$ (961,200)	\$ 80,100

NOTE 7 – LONG-TERM OBLIGATIONS

The changes in the Academy’s long-term obligations during fiscal year 2021 were as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021	Due within One Year
Post Employment Liability:					
Net Pension Liability:	\$ 1,491,691	\$ -	(39,791)	\$ 1,451,900	\$ -
Net OPEB Liability	139,805	-	(64,818)	74,987	-
Total Post Employment Liability	1,631,496	-	(104,609)	1,526,887	-
Direct Borrowing:					
Accel Schools - Notes Payable	750,000	-	-	750,000	-
Total Long-Term Obligations	\$ 2,381,496	\$ -	\$ (104,609)	\$ 2,276,887	\$ -

In consideration of the new management agreement, the management company agreed to forgive or restructure the debt formerly owed to Mosaica Education and assumed by Accel Schools are part of its purchase of Mosaica’s assets. As a result of this agreement, \$750,000 of certain related party accounts payable and long-term obligations is restructured as a note payable to Accel Schools, LLC with a term of 20 years and an interest rate of 2.5%. No payments shall be made on the principal during the term of the note unless the Academy is operating at a surplus. In fiscal 2021 the interest on the note totaled \$18,750.

There are no prepayment penalties on the note. In the event of default, the lender at its option may increase the interest rate up to 5.00 percentage points above the current rate or any lesser amount permitted by law. In addition, at the lender’s option, accelerate the term and demand payment be immediately due. Defaults are defined as late payments, failure to comply with management agreement, providing false statements, dissolution or insolvency, creditor or forfeiture proceedings, school closure.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

A summary of future note obligations is as follows:

Note Payable Accel Schools		
Fiscal year ending	Principal	Interest
June 30		
2022	\$ -	\$ 18,750
2023	-	18,750
2024	-	18,750
2025	-	18,750
2026	-	18,750
2027-2031	-	93,750
2032-2034	750,000	56,250
Total	<u>\$ 750,000</u>	<u>\$ 243,750</u>

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the Academy contracted with the Hartford Casualty Insurance Company.

Settled claims have not exceeded this commercial coverage in the past three years and there have been no significant reductions in insurance coverage from the prior year.

General Liability:	
Each Occurrence	\$ 1,000,000
Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person/Occurrence	15,000
Damage to Rented Premises - Each Occurrence	500,000
Personal and Advertising Injury	1,000,000
Business Personal Propert	303,200
Automobile Liability:	
Combined Single Limit	1,000,000
Excess/Umbrella	
Each Occurrence	3,000,000
Aggregate Limit	3,000,000

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – PURCHASED SERVICES

For the year ended June 30, 2021, purchased service expenses were for the following services:

<u>Purchased Services</u>	<u>Amount</u>
Personnel Services	\$1,078,042
Professional Services	660,981
Property Services	233,449
Utilities	45,204
Travel & Meetings	993
Communications	59,056
Contractual Trade	96,163
Total	<u>\$2,173,888</u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire 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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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

The Academy’s contractually required contribution to SERS was \$16,983 for fiscal year 2021.

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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased 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 age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit 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 goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 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, 2021, 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 2021 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$102,727 for fiscal year 2021.

Net Pension Liability

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

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0060019%	0.00512149%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0034351%</u>	<u>0.00506147%</u>	
Change in Proportionate Share	<u>-0.0025668%</u>	<u>-0.00006002%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 227,205	\$ 1,224,695	\$ 1,451,900
Pension Expense	\$ (16,914)	\$ 62,443	\$ 45,529

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 442	\$ 2,748	\$ 3,190
Changes of assumptions	-	65,741	65,741
Net difference between projected and actual earnings on pension plan investments	14,425	59,555	73,980
Changes in proportion and differences between contributions and proportionate share of contributions	2,311	38,897	41,208
Academy contributions subsequent to the measurement date	<u>16,983</u>	<u>102,727</u>	<u>119,710</u>
Total Deferred Outflows of Resources	<u>\$ 34,161</u>	<u>\$ 269,668</u>	<u>\$ 303,829</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 7,830	\$ 7,830
Changes in proportion and differences between contributions and proportionate share of contributions	<u>93,116</u>	<u>127,067</u>	<u>220,183</u>
Total Deferred Inflows of Resources	<u>\$ 93,116</u>	<u>\$ 134,897</u>	<u>\$ 228,013</u>

\$119,710 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (56,266)	\$ (18,730)	\$ (74,996)
2023	(30,199)	(17,636)	(47,835)
2024	10,527	44,005	54,532
2025	-	24,405	24,405
Total	\$ (75,938)	\$ 32,044	\$ (43,894)

Actuarial Assumptions - SERS

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

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

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

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

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

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

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

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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.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's proportionate share of the net pension liability	\$ 311,243	\$ 227,205	\$ 156,695

Actuarial Assumptions - STRS

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

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

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on 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:

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

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

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

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
Academy's proportionate share of the net pension liability	\$ 1,743,753	\$ 1,224,695	\$ 784,837

NOTE 11 - DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Academy's surcharge obligation was \$186.

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, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/asset Prior Measurement Date	0.0055593%	0.00512149%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	<u>0.0034503%</u>	<u>0.00506147%</u>	
Change in Proportionate Share	<u>-0.0021090%</u>	<u>-0.00006002%</u>	
Proportionate Share of the Net OPEB Liability/(asset)	\$ 74,987	\$ (88,955)	\$ (13,968)
OPEB Expense	\$ (7,194)	\$ (15,367)	\$ (22,561)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 984	\$ 5,700	\$ 6,684
Changes of assumptions	12,784	1,468	14,252
Net difference between projected and actual earnings on OPEB plan investments	845	3,116	3,961
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,634	1,634
Academy contributions subsequent to the measurement date	<u>186</u>	<u>-</u>	<u>186</u>
Total Deferred Outflows of Resources	<u>\$ 14,799</u>	<u>\$ 11,918</u>	<u>\$ 26,717</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 38,135	\$ 17,717	\$ 55,852
Changes of assumptions	1,888	84,494	86,382
Changes in proportion and differences between contributions and proportionate share of contributions	<u>58,405</u>	<u>38,834</u>	<u>97,239</u>
Total Deferred Inflows of Resources	<u>\$ 98,428</u>	<u>\$ 141,045</u>	<u>\$ 239,473</u>

\$186 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 OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (15,982)	\$ (33,054)	\$ (49,036)
2023	(16,087)	(30,944)	(47,031)
2024	(17,395)	(30,203)	(47,598)
2025	(29,164)	(26,869)	(56,033)
2026	(3,827)	(3,746)	(7,573)
Thereafter	(1,360)	(4,311)	(5,671)
Total	\$ (83,815)	\$ (129,127)	\$ (212,942)

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.

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

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

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

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

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

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Academy's proportionate share of the net OPEB liability	\$ 91,781	\$ 74,987	\$ 61,634

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
Academy's proportionate share of the net OPEB liability	\$ 59,046	\$ 74,987	\$ 96,303

Actuarial Assumptions – STRS

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

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

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

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

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

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

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 %	

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB asset	\$ 77,397	\$ 88,955	\$ 98,762

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 98,153	\$ 88,955	\$ 77,751

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

NOTE 12 - CONTINGENCIES

Grants - The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2021.

Litigation - There are currently no matters in litigation with the Academy as defendant.

Full-Time Equivalency - Academy foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community 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.

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Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2021.

As of the date of this report, all ODE adjustments have been completed.

In addition, the Academy's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2021 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

NOTE 13 – BUILDING LEASES

A new lease was executed in April 2016, for a ten year term ending June 30, 2026, with three additional options to renew at 5 lease years each, with Global School Properties Ohio LLC (subsidiary of Pansophic Learning US, LLC. The base lease cost is \$8,000/ month if the Academy's enrollment is 165 or less students, \$10,000/ month if the enrollment 165 to 190 students, and \$12,000/month if 190 or greater students. During the fiscal year 2021, the Academy paid \$143,700 in lease expense under the agreement with Academy's management company.

Year Ending June 30:	Amount
2022	\$ 96,000
2023	96,000
2024	96,000
2025	96,000
2026	96,000
Total future minimum lease payments	<u>\$ 480,000</u>

NOTE 14 - SPONSOR

The Academy was approved for operation under a contract with St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing July 18, 2005. Subsequent to the initial five-year period, the Academy received annual one-year extensions through June 2012. Beginning July 1, 2012 through June 30, 2015, the Academy began operating under a sponsorship agreement from the Ohio Department of Education. During July 2015 this contract was extended to June 31, 2019. Effective July 1, 2019 the Sponsor was changed to St. Aloysius Orphanage through June 30, 2024. As part of this contract, the Sponsor is entitled to a maximum of 3% of the total state funds. Total amount due and paid for fiscal year 2021 was \$54,513.

NOTE 15 – MANAGEMENT COMPANY AND MANAGEMENT COMPANY EXPENSES

The Academy entered into an agreement with Accel Schools, a management company, to provide legal, financial, and other management support services for fiscal year 2021. The agreement was for a period of five years beginning July 1, 2017. Management fees are calculated as 12.5% of the Academy's State

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

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Revenue, plus \$20,000 for managing Federal Funds. The total amount due from the Academy for the fiscal year ending June 30, 2021 was \$255,333 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes in Net Position.

Also, per the management agreement there are expenses that will be billed to the Academy based on the actual costs incurred by Accel Schools. These expenses include rent, salaries of Accel employees working in at the Academy and other costs related to providing education and administrative services. The total amount billed to the Academy inclusive of management fees during fiscal year 2021 was \$1,627,640.

The following is a summary of management company expenses during the fiscal year:

Youngstown Academy of Excellence	Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
<i>Direct Expenses:</i>					
Salaries & Wages (100 Object Codes)	\$ 641,578	\$ 122,051	\$ 188,224		\$ 951,853
Employees' Benefits (200 Object Codes)	98,760	19,926	30,690		149,376
Professional & Technical Services (410 Object Codes)	69,215		14,118		83,333
Property Services (420 Object Codes)					-
Supplies (500 Object Codes)	6,412		4,120		10,532
Other Direct Costs (All Other Object Codes)			39,619		39,619
<i>Indirect Expenses:</i>					
Overhead	-	-	255,252	-	255,252
Total Expenses	\$ 815,965	\$ 141,977	\$ 532,023	\$ -	\$ 1,489,965

Accel Schools charges expenses benefiting more than one school (i.e. overhead) are pro-rated based on full time equivalent (FTE) head count as of June 30, 2021 by each school it manages.

NOTE 16 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did have an effect on the financial statements of the Academy.

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

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after

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June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the Academy

NOTE 17 - MANAGEMENT PLAN

For fiscal year 2021, the Academy had a net position deficit of \$(2,180,303), including the impact of net pension and OPEB liabilities and related accruals. The Academy's net deficit in fiscal year 2021 improved from the \$(2,550,534) net deficit in fiscal 2020. Enrollment increased in fiscal year 2021 to 217, up from 183 in fiscal year 2020. The Academy's ability to maintain a stable administrative and instructional team along with active advertising via print, radio, mailings and through referrals of current parents is anticipated to help produce the likelihood of future enrollment growth leading to surpluses and provide an opportunity for the academy to recover from its prior deficits.

NOTE 18 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidation Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 19 – SUBSEQUENT EVENTS

For fiscal year 2022, community school foundation funding received from the state of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.0034351%	0.0060019%	0.0057844%	0.0056355%	0.0049125%	0.0024081%	0.003061%	0.003061%
Academy's Proportionate Share of the Net Pension Liability	\$ 227,205	\$ 359,104	\$ 331,284	\$ 336,708	\$ 359,550	\$ 137,403	\$ 154,915	\$ 182,028
Academy's Covered Payroll	\$ 120,429	\$ 205,904	\$ 208,785	\$ 166,314	\$ 148,114	\$ 72,489	\$ 84,055	\$ 73,880
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.66%	174.40%	158.67%	202.45%	242.75%	189.55%	184.30%	246.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

Required Supplementary Information
 Schedule of the Academy's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.00506147%	0.00512149%	0.00478130%	0.00604919%	0.00642571%	0.00699792%	0.00815346%	0.00815346%
Academy's Proportionate Share of the Net Pension Liability	\$ 1,224,695	\$ 1,132,587	\$ 1,051,316	\$ 1,436,998	\$ 2,150,879	\$ 1,934,020	\$ 1,983,204	\$ 2,362,379
Academy's Covered Payroll	\$ 610,843	\$ 601,286	\$ 543,564	\$ 665,036	\$ 721,243	\$ 730,114	\$ 903,300	\$ 850,438
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.49%	188.36%	193.41%	216.08%	298.22%	264.89%	219.55%	277.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

Required Supplementary Information
 Schedule of Academy Contributions - Pension
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 16,983	\$ 16,860	\$ 27,797	\$ 28,186	\$ 23,284	\$ 20,736	\$ 9,554	\$ 11,650	\$ 10,225	\$ 14,769
Contributions in Relation to the Contractually Required Contribution	(16,983)	(16,860)	(27,797)	(28,186)	(23,284)	(20,736)	(9,554)	(11,650)	(10,225)	(14,769)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy Covered Payroll	\$ 121,307	\$ 120,429	\$ 205,904	\$ 208,785	\$ 166,314	\$ 148,114	\$ 72,489	\$ 84,055	\$ 73,880	\$ 109,807
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

Required Supplementary Information
 Schedule of Academy Contributions - Pension
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 102,727	\$ 85,518	\$ 84,180	\$ 76,099	\$ 93,105	\$ 100,974	\$ 102,216	\$ 117,429	\$ 110,557	\$ 88,706
Contributions in Relation to the Contractually Required Contribution	(102,727)	(85,518)	(84,180)	(76,099)	(93,105)	(100,974)	(102,216)	(117,429)	(110,557)	(88,706)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy Covered Payroll	\$ 733,764	\$ 610,843	\$ 601,286	\$ 543,564	\$ 665,036	\$ 721,243	\$ 730,114	\$ 903,300	\$ 850,438	\$ 682,354
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

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

	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.0034503%	0.0055593%	0.0055593%	0.0057422%	0.0049641%
Academy's Proportionate Share of the Net OPEB Liability	\$ 74,987	\$ 139,805	\$ 158,729	\$ 154,106	\$ 141,495
Academy's Covered Payroll	\$ 120,429	\$ 205,904	\$ 208,785	\$ 166,314	\$ 148,114
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	62.27%	67.90%	76.03%	92.66%	95.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

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

	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability/Asset	0.00506147%	0.00512149%	0.00478137%	0.00604919%	0.00642571%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (88,955)	\$ (84,825)	\$ (76,834)	\$ 236,016	\$ 343,649
Academy's Covered Payroll	\$ 610,843	\$ 601,286	\$ 543,564	\$ 665,036	\$ 721,243
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.56%	-14.11%	-14.14%	35.49%	47.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	182.13%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

Required Supplementary Information
 Schedule of Academy Contributions - OPEB
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution (1)	\$ 186	\$ 1,676	\$ 1,551	\$ 3,483	\$ 3,732	\$ 2,451	\$ 594	\$ 528	\$ 578	\$ 640
Contributions in Relation to the Contractually Required Contribution	(186)	(1,676)	(1,551)	(3,483)	(3,732)	(2,451)	(594)	(528)	(578)	(640)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Academy Covered Payroll	\$ 121,307	\$ 120,429	\$ 205,904	\$ 208,785	\$ 166,314	\$ 148,114	\$ 72,489	\$ 84,055	\$ 73,880	\$ 109,807
OPEB Contributions as a Percentage of Covered Payroll (1)	0.15%	1.39%	0.75%	1.67%	2.24%	1.65%	0.82%	0.63%	0.78%	0.58%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO

Required Supplementary Information
 Schedule of Academy Contributions - OPEB
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,033	\$ 8,504	\$ 6,824
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	(9,033)	(8,504)	(6,824)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy Covered Payroll	\$ 733,764	\$ 610,843	\$ 601,286	\$ 543,564	\$ 665,036	\$ 721,243	\$ 730,114	\$ 903,300	\$ 850,438	\$ 682,354
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

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

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

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

Pre-Medicare

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

Medicare

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

Changes in Assumptions – STRS

For fiscal year 2020 and 2021, the health care cost trend rates were modified.

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.

YOUNGSTOWN ACADEMY OF EXCELLENCE - MAHONING COUNTY, OHIO
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Youngstown Academy of Excellence
Mahoning County, Ohio
1408 Rigby Street
Youngstown, Ohio 44506

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Youngstown Academy of Excellence, Mahoning County, Ohio (the "Academy") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 28, 2021, in which we noted the Academy has suffered recurring losses from operations and has a net position deficit that raises substantial doubt about its ability to continue as a going concern.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Cambridge, Ohio
December 28, 2021

OHIO AUDITOR OF STATE KEITH FABER



YOUNGSTOWN ACADEMY OF EXCELLENCE

MAHONING 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 2/15/2022

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

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