A+ ARTS ACADEMY
FRANKLIN COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the A+ Arts Academy, Franklin County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery:

***State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. **Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010)**.

The law requires that employers withhold income and wage taxes from employees' paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See **26 U.S.C. 3102(a) and 3402(a)**. Those withholdings are considered to be held in "a special fund in trust for the United States." **26 U.S.C. 7501(a)**. The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter. *See* ***United States v. Farr*, 536 F.3d 1174, 1176 (10th Circ. 2008)** (citing **26 U.S.C. § 3403**).

City of Columbus, Code of Ordinances, §362.051(B) requires an employer to remit to the Tax Administrator of the municipality the greater of the income taxes deducted and withhold or the income taxes required to be deducted and withheld by the employer along with any report required by the Tax Administrator to accompany such payment. The City of Columbus requires for payments to be submitted no later than the fifteenth day of the month following the end of the calendar quarter.

Candace Wyant served in the position of Treasurer, the designated fiscal officer, for the A+ Arts Academy in Franklin County from August 2018 through July 2020. During her time as Treasurer, the Academy was late filing quarterly withholdings to the Internal Revenue Service for six consecutive quarters including third quarter 2018 through fourth quarter 2019 based on calendar year. The Academy was also late in completing filing requirements with the City of Columbus for five consecutive quarters from third quarter 2018 through third quarter 2019 based on a calendar year.

As Treasurer, Ms. Wyant was responsible for withholding and remitting the required income taxes from employee earnings. During her time in office, Ms. Wyant withheld, as required, amounts for federal income taxes. However, quarterly filings were not completed and paid on a timely basis. As a result, the Academy incurred $55,094 in late fee penalties and interest paid to the Internal Revenue Service and $15,101 in interest to the City of Columbus. Payments of the penalties and interests to the Internal Revenue System were performed by the subsequent Treasurer after Ms. Wyant's departure from the Academy, between September 2021 and November 2022. Payment of the interest amount to the City of Columbus was also performed by the subsequent Treasurer in May and November 2022. These incurred costs were unnecessary expenditures that did not serve a proper public purpose and could have been avoided had the funds been remitted by the required due dates.

The bond purchased by the Academy in Ms. Wyant's name was only in existence between March 6, 2019, through March 6, 2021, and was in the amount of $25,000 for each year of the policy.
In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Candace Wyant, and her bonding company, The Cincinnati Insurance Company, jointly and severally, in the amount of $70,195 and in favor of A+ Arts Academy, General Fund.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 27, 2023

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Franklin County
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For the Fiscal Year Ended June 30, 2021

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of A+ Arts Academy, Franklin 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 opinions 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 entity'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.

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Academy's proportionate share of the net pension liability, the schedule of the Academy's proportionate share of the net OPEB liability (asset), and the schedule of Academy contributions on pages 4 through 7 and 35 through 46, respectively, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022 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.

Millhuff-Stang, CPA, Inc.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

September 23, 2022

The management's discussion and analysis of A+ Arts Academy (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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for the Academy during fiscal year 2021 are as follows:

- Net Position of the Academy was negative $5,403,912 at fiscal year-end, a decrease of $607,449 in comparison with the prior fiscal year-end.

- Total assets increased $287,785 and total liabilities increased $271,980 in comparison with the prior fiscal year-end.

Using the Basic Financial Statements

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

Report Components

The management's discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements are comprised of two components: the financial statements and the notes to the financial statements.

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the Academy did financially during the fiscal year. The change in net position is important because it tells the reader whether net position of the Academy has increased or decreased during the period.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations.

The notes to the financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Table 1 provides a summary of the Academy's net position for fiscal year 2021 compared to those reported for fiscal year 2020.

Net Position

	2021	2020
Assets:		
Current Assets	$ 617,065	$ 251,749
Capital Assets	1,922,010	1,999,548
Net OPEB Asset	395,683	395,676
Total Assets	2,934,758	2,646,973
Deferred Outflows of Resources:		
Pensions	1,515,301	2,190,987
OPEB	264,245	202,044
Total Deferred Outflows of Resources	1,779,546	2,393,031
Liabilities:		
Current liabilities	614,095	698,562
Noncurrent liabilities	8,340,746	7,984,299
Total Liabilities	8,954,841	8,682,861
Deferred Inflows of Resources:		
Pensions	295,874	386,331
OPEB	867,501	767,275
Total Deferred Inflows of Resources	1,163,375	1,153,606
Net Position:		
Net Investment in Capital Assets	1,643,048	1,624,143
Restricted	444,790	395,795
Unrestricted	(7,491,750)	(6,816,401)
Total Net Position	$ (5,403,912)	$ (4,796,463)

Current liabilities decreased in comparison with the prior fiscal year-end. This decrease is primarily the result of decreases in accrued wages and benefits and compensated absences payable because of a reduction in staff during the fiscal year.

There was a significant change in net pension/OPEB liability for the Academy. These fluctuations are due to changes in the retirement systems unfunded liabilities/assets that are passed through to the Academy's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows, net opeb asset and noncurrent liabilities are described in more detail in their respective notes.

The following table demonstrates the details of the change in net position during the fiscal year.

Table 2
Change in Net Position

	2021	2020
Operating Revenues:		
State Foundation	$ 3,759,532	$ 4,242,698
Tuition and Fees	5,660	18,043
Extracurricular	2,074	30,095
Other	82,194	23,574
Total Revenues	3,849,460	4,314,410
Operating Expenses:		
Personal Services	4,681,572	5,824,396
Purchased Services	1,785,358	1,031,806
Materials and Supplies	427,826	138,083
Depreciation	77,538	90,218
Other	142,281	169,392
Total Operating Expenses	7,114,575	7,253,895
Non-Operating Revenues/(Expenses):		
Restricted Federal and State Grants	2,549,402	2,009,654
Other Unrestricted State Grants	130,629	183,906
Donations	-	403
Interest Payments	(9,495)	(20,483)
Other Expenses	(12,870)	(71,697)
Total Non-Operating Revenues/(Expenses)	2,657,666	2,101,783
Change in Net Position	(607,449)	(837,702)
Net Position Beginning of Year	(4,796,463)	(3,958,761)
Net Position End of Year	$ (5,403,912)	$ (4,796,463)

Total Operating Revenues decreased significantly in comparison with the prior fiscal year. This decrease is primarily the result of a decrease in enrollment.

Total Personal Services decreased significantly in comparison with prior fiscal year. This decrease is primarily the result of decreases in pension and OPEB expenses as previously discussed, in addition to a decrease in salaries. The decrease in salaries is the result of a reduction in staff during the fiscal year.

Capital Assets Administration

As of fiscal-year end, the Academy had $1.9 million invested in capital assets, a decrease of $77,538 in comparison with the prior fiscal year-end. This decrease represents the amount in which current year depreciation ($77,538) exceeded current year acquisitions ($0). See Note 5 for more information.

Debt Administration

As of fiscal year-end, the Academy had $257,547 in outstanding mortgage loans, a decrease of $84,772 in comparison with the prior fiscal year. This decrease represents the amount of loan principal reduction payments during the fiscal year. See Note 6 for more information.

Current Financial Related Activities

The Academy is sponsored by the Ohio Department of Education. The Academy is reliant upon State Foundation and Federal Grant monies to offer quality educational services to students. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

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

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Assets:	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$ 180,445
Accounts Receivable	679
Intergovernmental Receivable	435,941
Total Current Assets	617,065
Noncurrent Assets	
Nondepreciable Capital Assets	147,642
Depreciable Capital Assets, Net	1,774,368
Net OPEB Asset	395,683
Total Noncurrent Assets	2,317,693
Total Assets	2,934,758
Deferred Outflows of Resources:	
Pension	1,515,301
OPEB	264,245
Total Deferred Outflows of Resources	1,779,546
Liabilities:	
Current Liabilities	
Accounts Payable	138,624
Accrued Wages and Benefits	294,320
Intergovernmental Payable	85,433
Unearned Revenue	491
Compensated Absences	4,154
Capital Lease Payable	12,268
Mortgage Loan Payable	78,805
Total Current Liabilities	614,095
Long-Term Liabilities:	
Compensated Absences	89,286
Capital Lease Payable	9,147
Mortgage Loan Payable	178,742
Net Pension Liability	7,443,436
Net OPEB Liability	620,135
Total Noncurrent Liabilities	8,340,746
Total Liabilities	8,954,841
Deferred Inflows of Resources:	
Pension	295,874
OPEB	867,501
Total Deferred Inflows of Resources	1,163,375
Net Position:	
Net Investment in Capital Assets	1,643,048
Restricted for:	
Food Service Program	50,608
State Funded Programs	305,787
Federally Funded Programs	86,404
Other Purposes	1,991
Unrestricted (Deficit)	(7,491,750)
Total Net Position	$ (5,403,912)

See accompanying notes to the basic financial statements.

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenues:	
State Foundation	$ 3,759,532
Tuition and Fees	5,660
Extracurricular	2,074
Other	82,194
Total Operating Revenues	3,849,460
Operating Expenses:	
Salaries and Wages	2,818,085
Fringe Benefits	1,863,487
Purchased Services	1,785,358
Materials and Supplies	427,826
Depreciation	77,538
Other	142,281
Total Operating Expenses	7,114,575
Operating Loss	(3,265,115)
Non-Operating Revenues/(Expenses):	
Restricted Federal and State Grants	2,549,402
Other Unrestricted State Grants	130,629
Interest Payments	(9,495)
Other Expenses	(12,870)
Total Non-Operating Revenues/(Expenses)	2,657,666
Change in Net Position	(607,449)
Net Position Beginning of Year	(4,796,463)
Net Position End of Year	$ (5,403,912)

See accompanying notes to the basic financial statements.

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows From Operating Activities	
Cash Received from State Foundation	$ 3,786,123
Cash Received from Tuition and Fees	5,660
Cash Received from Extracurricular	2,074
Cash Received from Other	81,515
Cash Payments for Salaries and Wages	(2,866,666)
Cash Payments for Fringe Benefits	(881,081)
Cash Payments for Purchased Services	(1,776,953)
Cash Payments for Materials and Supplies	(429,700)
Cash Payments for Other	(151,684)
Net Cash Used by Operating Activities	(2,230,712)
Cash Flows From Noncapital Financing Activities	
Cash Received from Federal and State Grants	2,529,965
Other Non Operating Expenses	(12,870)
Net Cash Provided by Noncapital Financing Activities	2,517,095
Cash Flows From Capital and Related Financing Activities	
Principal Retirement	(96,443)
Interest and Fiscal Charges	(9,495)
Net Cash Used by Capital and Related Financing Activities	(105,938)
Net Increase/(Decrease) in Cash and Cash Equivalents	180,445
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	$ 180,445

See accompanying notes to the basic financial statements.

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	$ (3,265,115)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	77,538
Change in Assets and Liabilities:	
Accounts Receivable	(679)
Intergovernmental Receivable	(33,635)
Accounts Payable	(5,928)
Accrued Wages	(42,904)
Net Pension Liability and Related Deferred Inflows/Outflows	1,089,791
Net OPEB Asset/Liability and Related Deferred Inflows/Outflows	(14,229)
Intergovernmental Payable	(11,817)
Compensated Absences Payable	(23,734)
Net Cash Used by Operating Activities	$ (2,230,712)

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE ACADEMY

The A+ Arts Academy, Franklin County, Ohio (the "Academy"), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide an Academy exclusively for any educational, literary, scientific and related teaching service. The Academy's objective is to deliver a unique opportunity for students who show a strong interest or talent in the visual arts which can be delivered to students in grades K - 9. It is to be operated in cooperation with the public schools to provide an appreciation of the visual arts through studies of its history, theory and design. The Academy, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy is approved for operation under a contract with the Ohio Department of Education (the "Sponsor"). The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a self-appointed five-member Governing Board. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Board controls the Academy's three instructional/support facilities staffed by 15 non-certified staff members and 46 certified full time teaching personnel who provide services to 551 students.

The Academy's management believes these financial statements present all activities in which the Academy is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental and "non-profit" 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.

A. Basis of Presentation

The Academy uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods and services.

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

B. Basis of Accounting

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

C. 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 of Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

D. Cash and Cash Equivalents

All monies received by the Academy are deposited in a demand deposit account.

E. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The Academy has maintained a capitalization threshold of $1,000. The Academy does not have any infrastructure. 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, but are expensed when incurred.

All capital assets, except land, are depreciated. Depreciation is computed using the straight-line method with the following estimated lives:

Description	Estimate Life
Buildings and Building Improvements	10-50 years
Land Improvements	15 years
Other Equipment	10 years
Copiers and Furniture	5 years
Computer Equipment	3 years

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F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement 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(s) 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 pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Notes 8 and 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. These deferred inflows of resources related to pension and OPEB are explained in Notes 8 and 9.

G. Net Position

Net Position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Net Position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, laws or regulations of other governments, or enabling legislation.

The Academy's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

None of the Academy's restricted net position were the result of enabling legislation.

H. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program through the Ohio Department of Education. Revenue from this program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met, essentially the same as the period received.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

I. Operating and Non-Operating Revenues and Expenses

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

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

J. Estimates

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

K. Compensated Absences Policy

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off. The Academy records a liability for accumulated unused personal leave time when earned by employees.

L. Pensions and Other Postemployment Benefits (OPEB)

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

NOTE 3 – DEPOSITS

At fiscal year-end, the carrying value of the Academy's deposits was $180,445, and the bank balance totaled $428,856. $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

The Academy has no deposit policy for custodial credit risk.

NOTE 4 – RECEIVABLES

At fiscal year-end, intergovernmental receivables, consisting primarily of foundation adjustments and federal grants, totaled $435,941. All intergovernmental receivables are considered collectible within one year.

NOTE 5 – CAPITAL ASSETS

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

Capital Assets:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 147,642	$ -	$ -	$ 147,642
Total capital assets, not being depreciated	147,642	-	-	147,642
Capital assets, being depreciated:				
Land Improvements	44,217	-	-	44,217
Buildings and Building Improvements	2,089,007	-	-	2,089,007
Furniture and Equipment	500,072	-	-	500,072
Total capital assets, being depreciated	2,633,296	-	-	2,633,296
Less Accumulated Deprciation:				
Land Improvements	(21,176)	(2,653)	-	(23,829)
Buildings and Building Improvements	(372,776)	(52,149)	-	(424,925)
Furniture and Equipment	(387,438)	(22,736)	-	(410,174)
Total accumulated depreciation	(781,390)	(77,538)	-	(858,928)
Depreciable Capital Assets, Net	1,851,906	(77,538)	-	1,774,368
Total Capital Assets, Net	$ 1,999,548	$ (77,538)	$ -	$ 1,922,010

NOTE 6 – LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Loans From Direct Borrowings:					
2006 Mortgage loan payable	$ 342,319	$ -	$ (84,772)	$ 257,547	$ 78,805
Total Loans from Direct Borrowings	342,319	-	(84,772)	257,547	78,805
Net Pension Liability	6,938,874	504,562	-	7,443,436	-
Net OPEB Liability	672,382	-	(52,247)	620,135	-
Compensated Absences	117,174	(23,735)	(35,260)	93,439	4,154
Capital Leases	33,086	-	(11,671)	21,415	12,268
Total Long-term Liabilities	$ 8,103,835	$ 480,827	$ (183,950)	$ 8,435,972	$ 95,227

Compensation Related Liabilities: The Academy pays obligations related to employee compensation, including employer pension and OPEB contributions, from the fund benefitting from their service. There is no repayment schedule for the net pension and net OPEB liabilities.

2006 Mortgage loan payable: On May 31, 2006 the Academy issued a mortgage loan in the amount of $915,000 with an interest rate of 8.25% (variable rate) to be repaid over 30 years and it is currently at an interest rate of 3.75%. The loan was issued to purchase a building which is used as classrooms for the Academy. On April 1, 2015, the Academy amended the terms of the mortgage loan. The new loan has an interest rate of 5.00% from May 1, 2015 through May 1, 2020 and then a variable interest rate based on an index from May 1, 2020 through April 1, 2025, on which date the loan matures.

The debt-service-to-maturity requirements for the mortgage loans are as follows:

Fiscal Year Ended	Principal	Interest	Total
2022	$ 78,805	$ 9,311	$ 88,116
2023	82,179	5,937	88,116
2024	85,698	2,418	88,116
2025	10,865	38	10,903
Total	$ 257,547	$ 17,704	$ 275,251

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

Note 7 – Sponsorship Agreement with Ohio Department of Education

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

A. Support to ensure that the financial records of the Academy are maintained in the same manner as are financial records of Academy's, pursuant to rules of the Auditor of State.
B. Compliance with the policies and procedures regarding internal financial control of the Academy.
C. Compliance with the requirements and procedures for financial audits by the Auditor of State.

During the fiscal year, the Academy paid the Sponsor $116,798 in sponsorship fee services under this agreement.

NOTE 8 - 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.

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

The remainder of this note includes the required pension disclosures. See Note 9 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 on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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 zero 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 $76,710 for fiscal year 2021. Of this amount, $2,934 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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. 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 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. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. 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 plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was $304,142 for fiscal year 2021. Of this amount, $34,229 is reported as an intergovernmental payable.

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

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:			
Current Measurement Date	0.03017470%	0.02251413%	
Prior Measurement Date	0.02767200%	0.02389036%	
Change in Proportionate Share	0.00250270%	-0.00137623%	
Proportionate Share of the Net Pension Liability	$ 1,995,818	$ 5,447,618	$ 7,443,436
Pension Expense	$ 311,921	$ 1,158,722	$ 1,470,643

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:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 3,877	$ 12,222	$ 16,099
Net Difference between Projected and Actual Earnings on Pension Plan Investments	126,695	264,918	391,613
Changes of Assumptions	-	292,431	292,431
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	90,498	343,808	434,306
Academy Contributions Subsequent to the Measurement Date	76,710	304,142	380,852
Total Deferred Outflows of Resources	$ 297,780	$ 1,217,521	$ 1,515,301
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ -	$ 34,835	$ 34,835
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	-	261,039	261,039
Total Deferred Inflows of Resources	$ -	$ 295,874	$ 295,874

$380,852 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 60,404	$ 237,710	$ 298,114
2023	68,192	168,570	236,762
2024	52,808	150,108	202,916
2025	39,666	61,117	100,783
	$ 221,070	$ 617,505	$ 838,575

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.

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 Percentage of Payroll, Closed)
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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	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	100.00 %	

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.

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	Current Discount Rate	1% Increase
Academy 's Proportionate Share of the Net Pension Liability	$ 2,734,027	$ 1,995,818	$ 1,376,447

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
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

Asset Class	Target Allocation	Long-Term Expected 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 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:

	1% Decrease	Current Discount Rate	1% Increase
Academy 's Proportionate Share of the Net Pension Liability	$ 7,756,460	$ 5,447,618	$ 3,491,067

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The Academy's liability is 6.2 percent of wages paid.

NOTE 9 - DEFINED BENEFIT OPEB PLANS

See Note 8 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 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 $10,610, which is reported as an intergovernmental payable.

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 were 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 not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02853400%	0.02251400%	
Prior Measurement Date	0.02673700%	0.02389000%	
Change in Proportionate Share	0.00179700%	-0.00137600%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 620,135	$ (395,683)	
OPEB Expense	$ 11,574	$ (15,193)	$ (3,619)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 8,146	$ 25,355	$ 33,501
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	6,989	13,866	20,855
Changes of Assumptions	105,712	6,532	112,244
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	34,280	52,755	87,035
Academy Contributions Subsequent to the Measurement Date	10,610	-	10,610
Total Deferred Outflows of Resources	$ 165,737	$ 98,508	$ 264,245
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 315,384	$ 78,815	$ 394,199
Changes of Assumptions	15,619	375,833	391,452
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	63,338	18,512	81,850
Total Deferred Inflows of Resources	$ 394,341	$ 473,160	$ 867,501

$10,610 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (54,486)	$ (93,844)	$ (148,330)
2023	(53,981)	(84,455)	(138,436)
2024	(54,065)	(81,163)	(135,228)
2025	(42,430)	(75,961)	(118,391)
2026	(25,768)	(19,786)	(45,554)
Thereafter	(8,484)	(19,443)	(27,927)
	$ (239,214)	$ (374,652)	$ (613,866)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	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	100.00 %	

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).

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	Current Discount Rate	1% Increase
Academy 's Proportionate Share of the Net OPEB Liability	$ 759,033	$ 620,135	$ 509,716

	1% Decrease	Current Trend Rate	1% Increase
Academy 's Proportionate Share of the Net OPEB Liability	$ 488,311	$ 620,135	$ 796,423

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	Initial	Ultimate
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.

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.

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 asset 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	Current Discount Rate	1% Increase
Academy 's Proportionate Share of the Net OPEB Liability (Asset)	$ (344,270)	$ (395,683)	$ (439,305)

	1% Decrease	Current Trend Rate	1% Increase
Academy 's Proportionate Share of the Net OPEB Liability (Asset)	$ (436,598)	$ (395,683)	$ (345,843)

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 10 – CAPITAL LEASES – LESSEE DISCLOSURE

During fiscal year 2019, the Academy entered into capital lease agreements for the purchase of five copiers. The copiers have been capitalized in the amount of $48,795. This amount represents the present value of minimum lease payments at the time of acquisition, assuming an interest rate of 0%. Accumulated depreciation as of June 30, 2021 was $21,958, leaving a current book value of $26,837. A corresponding liability was also recorded.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2021:

Year	Amount
2022	$ 12,268
2023	7,075
2024	2,072
Present Value of Minimum Lease Payments	$ 21,415

NOTE 11 – OTHER EMPLOYEE BENEFITS

The Academy provides medical benefits through United Healthcare. The Academy offers individual and family health plans. The Board pays 75% of the premium amounts for single coverage. Employees pay the entire premium for family coverage.

NOTE 12 – CONTINGENT LIABILITIES

A. Grants

Amounts grantor agencies pay to the Academy are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

B. Litigation

The Academy is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

C. Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2021 and determined the Academy was underpaid by $10,092. This amount is reported as intergovernmental receivable on the statement of net position. As of the date of this report, all ODE adjustments have been completed.

NOTE 13 – PURCHASED SERVICES

For the fiscal year ended June 30, 2021, purchased services disbursements were as follows:

Professional & Technical Services	$ 1,105,933
Property Services & Rentals	319,489
Meeting Expenses	358
Postage, Advertising and Printing	1,028
Utilities	147,826
Contracted Food Services	210,724
Total	$ 1,785,358

NOTE 14 – RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Academy maintains insurance coverage for rental/theft, general liability and contents liability.

The Academy has coverage for employee dishonesty, forgery and alternation coverage and computer equipment.

Coverage	Insurer	Coverage	Deductible
Education liability:			
Each occurrence	Liberty Mutual Insurance	$ 1,000,000	$ -
Aggregate		2,000,000	-
Building and Contents	Liberty Mutual Insurance	7,880,000	1,000
Personal Property	Liberty Mutual Insurance	200,000	1,000

Property coverage is part of a blanket limit with a total of $1,000 deductible per loss. There have been no claims for the past three years. There has been no significant reduction in the amount of insurance coverage from the prior fiscal year.

B. Workers' Compensation

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

NOTE 15 – FISCAL DISTRESS/MANAGEMENT PLAN

The Academy's Net Position at June 30, 2021 was $4,757, excluding the effects of GASB 68 and GASB 75, as well as all capital-related assets and liabilities. This amount represents the amount in which the Academy's operating assets exceeded operating liabilties at fiscal year-end. The Board and the Ohio Department of Education remain committed to the success of the Academy both academically and financially. During fiscal year 2021, staffing was reduced and will continue to be reduced for fiscal year 2022. The Academy changed its Operator in fiscal year 2021 to a contracted service who increased marketing to focus on increasing student enrollment.

NOTE 16 – SUBSEQUENT EVENT

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.

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF 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	0.03017470%	0.0276720%	0.0269711%	0.0300797%	0.0263855%	0.0176249%	0.013869%	0.013869%
Academy's Proportionate Share of the Net Pension Liability	$ 1,995,818	$ 1,655,664	$ 1,544,685	$ 1,797,196	$ 1,931,175	$ 1,005,694	$ 701,902	$ 824,745
Academy's Covered Payroll	$ 943,471	$ 1,037,896	$ 895,654	$ 982,947	$ 838,321	$ 542,282	$ 404,667	$ 428,432
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	211.54%	159.52%	172.46%	182.84%	230.36%	185.46%	173.45%	192.50%
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.

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

See accompanying notes to the required supplementary information

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF 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	0.02251413%	0.02389036%	0.02235629%	0.02013573%	0.02054973%	0.01356099%	0.009695%	0.009695%
Academy's Proportionate Share of the Net Pension Liability	$ 5,447,618	$ 5,283,210	$ 4,915,646	$ 4,783,286	$ 6,878,614	$ 3,747,891	$ 2,358,099	$ 2,808,952
Academy's Covered Payroll	$ 2,647,719	$ 2,861,836	$ 2,628,643	$ 2,151,697	$ 2,267,546	$ 1,491,615	$ 1,082,381	$ 970,318
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	205.75%	184.61%	187.00%	222.30%	303.35%	251.26%	217.86%	289.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not 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

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ 76,710	$ 132,086	$ 140,116	$ 120,913
Contributions in relation to the contractually required contribution	$ 76,710	$ 132,086	$ 140,116	$ 120,913
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 547,929	$ 943,471	$ 1,037,899	$ 895,654
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

See accompanying notes to the required supplementary information

2017		2016		2015		2014		2013		2012	
$	137,612	$	117,365	$	71,473	$	56,087	$	59,295	$	44,420
$	137,612	$	117,365	$	71,473	$	56,087	$	59,295	$	44,420
$	-	$	-	$	-	$	-	$	-	$	-
$	982,947	$	838,321	$	542,282	$	404,667	$	428,432	$	330,260
	14.00%		14.00%		13.18%		13.86%		13.84%		13.45%

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FRANKLIN COUNTY

SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ 304,142	$ 370,682	$ 400,657	$ 368,010
Contributions in relation to the contractually required contribution	$ 304,142	$ 370,682	$ 400,657	$ 368,010
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,172,443	$ 2,647,729	$ 2,861,835	$ 2,628,643
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$ 301,238	$ 317,456	$ 208,826	$ 140,709	$ 126,141	$ 121,971
$ 301,238	$ 317,456	$ 208,826	$ 140,709	$ 126,141	$ 121,971
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,151,697	$ 2,267,546	$ 1,491,615	$ 1,082,381	$ 970,318	$ 938,239
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

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FRANKLIN COUNTY

SCHEDULE OF 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	0.02853400%	0.02673700%	0.02627510%	0.03031720%	0.02662970%
Academy's Proportionate Share of the Net OPEB Liability	$ 620,135	$ 672,382	$ 728,942	$ 813,634	$ 813,634
Academy's Covered Payroll	$ 943,471	$ 1,037,896	$ 895,654	$ 982,947	$ 838,321
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	65.73%	64.78%	81.39%	82.77%	97.06%
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.

Amounts presented for each fiscal year were determined as of the Academy's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information

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FRANKLIN COUNTY

SCHEDULE OF 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 (Asset)/Liability	0.02251400%	0.02389000%	0.02235629%	0.02013573%	0.02054973%
Academy's Proportionate Share of the Net OPEB (Asset)/Liability	$ (395,683)	$ (395,676)	$ (359,243)	$ 785,622	$ 1,099,005
Academy's Covered Payroll	$ 2,647,729	$ 2,861,836	$ 2,628,643	$ 2,151,697	$ 2,267,546
Academy's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-14.94%	-13.83%	-13.67%	36.51%	48.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Amounts presented for each fiscal year were determined as of the Academy's measurement date, which is the prior fiscal year-end.

See accompanying notes to the required supplementary information

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution (1)	$ 10,610	$ 5,190	$ 13,910	$ 13,845
Contributions in Relation to the Contractually Required Contribution	$ 10,610	$ 5,190	$ 13,910	$ 13,845
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 547,929	$ 943,471	$ 1,037,899	$ 895,654
OPEB Contributions as a Percentage of Covered Payroll (1)	1.94%	0.55%	1.34%	1.55%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

2017		2016		2015		2014		2013		2012	
$	15,567	$	27,086	$	15,059	$	11,214	$	7,699	$	5,755
$	15,567	$	27,086	$	15,059	$	11,214	$	7,699	$	5,755
$	-	$	-	$	-	$	-	$	-	$	-
$	982,947	$	838,321	$	542,282	$	404,667	$	428,432	$	330,260
	1.58%		3.23%		2.78%		2.77%		1.80%		1.74%

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 2,172,443	$ 2,647,729	$ 2,861,835	$ 2,628,643
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$ -	$ -	$ -	$ 10,824	$ 9,703	$ 7,950
$ -	$ -	$ -	$ 10,824	$ 9,703	$ 7,950
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,151,697	$ 2,267,546	$ 1,491,615	$ 1,082,381	$ 970,318	$ 938,239
0.00%	0.00%	0.00%	1.00%	1.00%	0.85%

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.

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 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2021, 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.

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 2020, 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 2019, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass-Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	10.553	3L70	$ 37,807
COVID-19: School Breakfast Program	10.553	3L70	26,396
National School Lunch Program	10.555	3L60	64,282
COVID-19: National School Lunch Program	10.555	3L60	43,485
Cash Assistance Subtotal:			171,970
Total Child Nutrition Cluster			171,970
Total U.S. Department of Agriculture			**171,970**
U.S. DEPARTMENT OF TREASURY			
Passed Through Ohio Department of Education:			
COVID-19 Coronavirus Relief Fund	21.019	5CV1	24,015
COVID-19 BroadbandOhio Connectivity Grant	21.019	5CV1	114,691
Total U.S. Department of Treasury			**138,706**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department Education:			
Title I Grants to Local Educational Agencies	84.010A	3M00	86,277
Title I Grants to Local Educational Agencies	84.010A	3M00	385,487
School Quality Improvement	84.010A	3M00	12,651
School Quality Improvement	84.010A	3M00	115,131
Expanding Opportunities	84.010A	3M00	10,845
Total Title I Grants to Local Educational Agencies			610,391
Special Education Cluster			
Special Education - Grants to States	84.027A	3M20	13,171
Special Education - Grants to States	84.027A	3M20	132,531
Special Education Restoration - Grants to States	84.027A	3M20	2,367
Total Special Education Cluster			148,069
Twenty-First Century Community Learning Centers	84.287C	3Y20	36,098
Twenty-First Century Community Learning Centers	84.287C	3Y20	311,771
Total Twenty-First Century Community Learning Centers			347,869
Supporting Effective Instruction State Grants	84.367A	3Y60	17,869
Supporting Effective Instruction State Grants	84.367A	3Y60	41,691
Total Supporting Effective Instruction State Grants			59,560
Student Support and Academic Enrichment Program	84.424A	3HI0	3,453
Student Support and Academic Enrichment Program	84.424A	3HI0	13,699
Total Student Support and Academic Enrichment Program			17,152
COVID-19 Education Stabilization Fund	84.425D	3HS0	332,402
Total COVID-19 Education Stabilization Fund			332,402
Total U.S. Department of Education			**1,515,443**
Total Expenditures of Federal Awards			**$ 1,826,119**

The accompanying notes are an integral part of this schedule.

A+ ARTS ACADEMY
FRANKLIN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of A+ Arts Academy (the Academy) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The Academy reports commodities consumed on the Schedule at the fair value. The Academy allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of A+ Arts Academy, Franklin 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 September 23, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

Academy's Responses to Findings

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

Purpose of this Report

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

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

September 23, 2022

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited A+ Arts Academy's (the Academy) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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

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

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

Millhuff-Stang CPA/Inc.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

September 23, 2022

Section I – Summary of Auditor's Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?		Yes
Federal Awards		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
Identification of major program(s):		Title I Grants to Local Educational Agencies (AL #84.010A); 21st Century Community Learning Centers (AL #84.287C)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?		No

Section II – Financial Statement Findings

Finding 2021-001

Significant Deficiency – Reconciling Items

An accurate reconciliation is pertinent to ensure that cash is fairly presented within the accounting records and reported on the financial statements. During the course of testing, we found that the Academy had errors within its financial records and related bank reconciliation related to overpayments to the School Employees Retirement System in a prior year and how those overpayments were credited to obligations of the Academy in the current fiscal year. We also noted that the Academy included various additional overpayments and underpayments as reconciling items when those balance should have been reported as receivables and payables, respectively. The Academy should implement procedures to ensure that reconciling items are thoroughly considered, properly presented, and that resolution of errors within the accounting system occurs.

Management's Response – See Corrective Action Plan

Finding 2021-002

Noncompliance – Remittance Payments

Ohio Revised Code Section 5747.06(A) provides every employer, including the state and its political subdivision, maintaining an office or transacting business within this state and making payments of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as a result, as far as practicable, in withholding form the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, or indirectly pays the compensation to, or credits the compensation to the benefit of employee.

The law requires employer to withhold taxes from employee's paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See 26 U.S.C. section 3102(a) and 3402(a). Those withholding are considered to be held in "a special fund in trust for the United States." 26 U.S.C section 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter and shall not be liable to any person for the amount of such payment.

The Academy did not remit payments timely to the Internal Revenue Service (IRS) from September 2018 to June 2020 and City of Columbus taxes from September 2018 to December 2019. This resulted in taxes, penalties, late fees and interest charged to the Academy. The total amount of taxes due, late fees, penalties, and interest charged the Academy amounted to $294,287 for the Internal Revenue Service and $59,951 to the City of Columbus as of the end of the audit period.

The Academy should ensure all tax payments are remitted in a timely manner to the appropriate taxing authority and all past due taxes are paid.

Management's Response – See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

None

Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
Finding 2020-001	Material Weakness – Accounting Records	Yes	
Finding 2020-002	Noncompliance – Remittance Payments	No	Finding 2021-002
Finding 2020-003	Noncompliance – Attendance Reporting	N/A	Not valid during the audit period due to COVID-19.

Corrective Action Plan
For the Year Ended June 30, 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Bank reconciliations are completed on a monthly basis to ensure that all transactions are properly accounted for and that bank balance and book balance match.	Immediately	Joel McCloskey, Treasurer
2021-002	All tax withholding payments are made in a timely manner by the current Treasurer and his staff. Documentation of timely EFTPS payments made for federal withholding are provided to the board on a monthly basis along with other financial statements to ensure the board is being kept apprised of payments. As of June 30, 2022, all outstanding liabilities of both the City of Columbus and the IRS are paid in full.	June 30, 2022	Joel McCloskey, Treasurer

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OHIO AUDITOR OF STATE
KEITH FABER

A+ ARTS ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/9/2023

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