

***COLUMBUS ARTS AND TECHNOLOGY ACADEMY***

***FRANKLIN COUNTY, OHIO***

**Single Audit**

**For the Year Ended June 30, 2022**





OHIO AUDITOR OF STATE  
KEITH FABER



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

Board of Directors  
Columbus Arts and Technology Academy  
2255 Kimberly Parkway East  
Columbus, Ohio 43232

We have reviewed the *Independent Auditor's Report* of Columbus Arts and Technology Academy, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 12, 2023**

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**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY  
SINGLE AUDIT  
For the Year Ended June 30, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

Columbus Arts and Technology Academy  
Franklin County, Ohio  
2255 Kimberly Parkway East  
Columbus, Ohio 43232

To the Board of Directors:

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the financial statements of the Columbus Arts and Technology Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Columbus Arts and Technology Academy, Franklin County, Ohio, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Emphasis of Matters***

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and ensuring emergency measures will impact subsequent periods of the Academy. As described in Note 15 to the financial statements, the Academy implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. We did not modify our opinion regarding these matters.

The accompanying financial statements have been prepared assuming the Academy will continue as a going concern. As disclosed in Note 16 to the financial statements, the Academy has suffered recurring losses from operations and has a net position deficit that raises substantial doubt about its ability to continue as a going concern. Note 16 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. We did not modify our opinion regarding this matter.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

**Required Supplementary Information**

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

**Supplementary information**

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule 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 December 30, 2022, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**  
December 30, 2022

**COLUMBUS ARTS & TECHNOLOGY ACADEMY – FRANKLIN COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022 (UNAUDITED)**

The discussion and analysis of the Columbus Arts & Technology Academy’s (the “Academy”) financial performance provides an overall review of the Academy’s financial activities for the fiscal year ended June 30, 2022. Readers should also review the basic financial statements and notes to enhance their understanding of the Academy’s financial performance.

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

**HIGHLIGHTS**

The Academy finished its seventeenth year of operation during fiscal year 2022 serving grades kindergarten through eighth grade. Enrollment varied during the year but ended the year with 500 full time equivalent students.

Key highlights for fiscal year 2022 are as follows:

- Net position increased \$682,030.
- Total revenue decreased to \$6,708,157 in fiscal year 2022 from \$6,721,344 in fiscal year 2021.
- Total operating expenses (excluding interest expense) decreased from \$5,599,315 in fiscal year 2021 to \$5,287,604 in fiscal year 2022.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**FINANCIAL ANALYSIS OF THE ACADEMY AS A WHOLE**

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY – FRANKLIN COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022 (UNAUDITED)**

Table 1 provides a summary of Academy’s net position for 2022 compared to 2021:

	<b>Table 1 Net Position</b>	
	2022	Restated 2021
<b>Assets:</b>		
<b><i>Current Assets</i></b>		
Cash and Cash Equivalents	\$ 516,204	\$ 180,457
Intergovernmental Receivable	281,581	725,981
Prepaid Expense	85,554	96,720
<b>Total current assets</b>	<u>883,339</u>	<u>1,003,158</u>
<b><i>Noncurrent assets:</i></b>		
Net OPEB Asset	302,801	227,502
Capital Assets, net of Accumulated Depreciation	6,529,258	7,022,974
<b>Total noncurrent assets</b>	<u>6,529,258</u>	<u>7,250,476</u>
<b>Total assets</b>	<u>7,412,597</u>	<u>8,253,634</u>
<b>Deferred Outflows of Resources</b>	<u>1,407,227</u>	<u>971,720</u>
<b>Liabilities:</b>		
<b><i>Current liabilities:</i></b>		
Accounts Payable, Trade	42,040	151,630
Accounts Payable, Related Party	970,913	1,127,785
Accrued Expenses	301,941	184,185
Current Portion of Long Term Debt	801,460	786,949
Advances Payable	722,100	769,200
<b>Total curent liabilities</b>	<u>2,838,454</u>	<u>3,019,749</u>
<b><i>Noncurrent liabilities:</i></b>		
Net Pension Liability	2,437,623	4,035,872
Net OPEB Liability	289,034	296,749
Noncurrent Portion of Long-term Debt	8,652,011	9,502,111
<b>Total noncurrent liabilities</b>	<u>11,378,668</u>	<u>13,834,732</u>
<b>Total liabilities</b>	14,217,122	16,854,481
<b>Deferred Inflows of Resources</b>	<u>2,624,534</u>	<u>771,934</u>
<b>Net Position</b>		
Net Investment in Capital Assets	30,371	149,958
Unrestricted Net	(7,749,402)	(8,551,019)
<b>Total Net Position</b>	<u>\$ (7,719,031)</u>	<u>\$ (8,401,061)</u>

**COLUMBUS ARTS & TECHNOLOGY ACADEMY – FRANKLIN COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022 (UNAUDITED)**

Cash and cash equivalents increased in 2022 due to operations. Intergovernmental receivables decreased in 2022 due to timing when receivables were received. Current liabilities decreased in 2022 primarily to the decrease in accounts payable and advances payable.

The Academy has adopted GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,” and GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability* or *net OPEB asset/liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the Academy’s proportionate share of each plan’s collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Academy is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY – FRANKLIN COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022 (UNAUDITED)**

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

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

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

**Statement of Revenues, Expenses and Changes in Net Position** - Table 2 shows the changes in Net Position for fiscal year 2022 and 2021, as well as a listing of revenues and expenses. This change in Net Position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors. Main changes in revenue are an increase in federal and state grants due to additional COVID-19 related grant allocations. There was no debt forgiveness provided during the year on the loan with Tatonka. Interest expense increased due to payments made on the lease obligations effective during the year with the implementation of GASB 87. Purchased services expense changed due to changes in pension and OPEB liabilities and related accruals.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY – FRANKLIN COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022 (UNAUDITED)**

Table 2 reflects the changes in net position for fiscal year 2022 as compared to 2021:

**Table 2  
Change in Net Position**

	2022	2021
<b>Operating Revenues:</b>		
State Aid	\$ 4,364,916	\$ 4,400,896
Miscellaneous	1,678	6,127
<b>Total Operating Revenues</b>	4,366,594	4,407,023
<b>Operating Expenses:</b>		
Purchased Services	4,360,013	5,337,452
Depreciation	638,559	87,439
Supplies	229,457	123,256
Other Operating Expense	59,575	51,168
<b>Total Operating Expenses</b>	5,287,604	5,599,315
<b>Operating Income (Loss)</b>	(921,010)	(1,192,292)
<b>Nonoperating Revenues and (Expenses):</b>		
Federal and State Restricted Grants	2,281,963	2,012,909
Other Grants	59,600	51,412
Debt Forgiveness	0	250,000
Interest Expense	(738,523)	(253,618)
<b>Net Nonoperating Revenues and (Expenses)</b>	1,603,040	2,060,703
<b>Change in Net Position</b>	\$ 682,030	\$ 868,411

**CAPITAL ASSETS**

At the end of fiscal year 2022, the Academy had \$6,529,258 invested in capital assets (net of accumulated depreciation) for leasehold improvements, leased building, furniture and equipment, and computers and software. The decrease is due to depreciation costs exceeding the purchase of additional assets for the year. For further information regarding the Academy’s capital assets, refer to Note 5 of the basic financial statements.

**DEBT**

At June 30, 2022, the Academy had \$722,100 in advances outstanding, from Charter School Capital, which is a decrease of \$47,100 from the prior year.

Also, the Academy had a promissory note outstanding in the amount of \$1,868,554 to Tatonka Capital Corporation at 7% interest for a 15-year term., of which \$375,050 was considered to be current and \$1,086,030 with ACCEL Schools of which \$67,977 was considered to be current. For further information

**COLUMBUS ARTS & TECHNOLOGY ACADEMY – FRANKLIN COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022 (UNAUDITED)**

regarding the Academy’s debt, refer to Note 6 and Note 7 of the Basic Financial Statements.

**LEASE OBLIGATIONS**

At June 30, 2022, the Academy had \$6,498,887 in lease obligations outstanding, of which \$358,433, which is a decrease of \$374,128 from the prior year. See Note 7 of the Basic Financial Statements for further information.

**CURRENT FINANCIAL ISSUES**

The School is a community School and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue. In 2022, the State replaced the existing funding formula with a new formula that was implemented in January 2022 as a result of changes in Ohio law under the passage of HB110. Under the new formula, community schools are funded directly with no deductions or transfers from the student’s district of residence. The funding calculation for community schools uses several concepts and formulas, some of which also apply to traditional school districts. These primarily include Base Cost, Special Education, Disadvantaged Pupil Impact Aid, English Learners and Career Technical Education. Combined, these elements make up the Core Foundation Funding and the change in calculated amounts compared to the funding received in Fiscal Year 2020 are being phased-in at 16.67% in Fiscal Year 2022. The phase-in amount will increase to 33.33% in Fiscal Year 2023. Another key provision of HB 110 provided a guarantee that no school would receive less per pupil in Fiscal Year 2022 than it did in Fiscal Year 2021 as a result of implementing this formula change. Additionally, facility related funding was increased from \$250 per pupil to \$500 per pupil in Fiscal Year 2022 and is expected to remain at this level in Fiscal Year 2023.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Academy’s finances and to show the Academy’s accountability for the money it receives. If you have any question concerning this report, please contact the Academy’s Fiscal Officer, C. David Massa of Massa Financial Solutions, LLC, 2255 Kimberly Parkway E., Columbus, Ohio 43232.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Net Position**  
**June 30, 2022**

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$	516,204
Intergovernmental Receivable		281,581
Prepaid Expense		85,554
<b>Total Current Assets</b>		<u>883,339</u>

**Noncurrent Assets:**

Net OPEB Asset		302,801
Capital Assets, net of Accumulated Depreciation		6,529,258
<b>Total Non-Current Assets</b>		<u>6,832,059</u>

**Total Assets**

7,715,398

**Deferred Outflows of Resources:**

Pension (STRS & SERS)		1,253,835
OPEB (STRS & SERS)		153,392
<b>Total Deferred Outflows of Resources</b>		<u>1,407,227</u>

**Liabilities:**

**Current Liabilities:**

Accounts Payable, Trade		42,040
Accounts Payable, Related Party		970,913
Accrued Expenses		301,941
Advances Payable		722,100
Current Portion of Long Term Debt		801,460
<b>Total Current Liabilities</b>		<u>2,838,454</u>

**Noncurrent Liabilities:**

Net Pension Liability		2,437,623
Net OPEB Liability		289,034
Non Current Portion of Long Term Debt		8,652,011
<b>Total Noncurrent Liabilities</b>		<u>11,378,668</u>

**Total Liabilities**

14,217,122

**Deferred Inflows of Resources:**

Pension (STRS & SERS)		2,040,915
OPEB (STRS & SERS)		583,619
<b>Total Deferred Inflows of Resources</b>		<u>2,624,534</u>

**Net Position:**

Net Investment in Capital Assets		30,371
Unrestricted Net Position		(7,749,402)
<b>Total Net Position</b>		<u>\$ (7,719,031)</u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2022**

<b>Operating Revenues:</b>	
State Aid	\$ 4,364,916
Miscellaneous	1,678
<b>Total Operating Revenues</b>	<u>4,366,594</u>
<b>Operating Expenses:</b>	
Purchased Services	4,360,013
Depreciation	638,559
Supplies	229,457
Other Operating Expenses	59,575
<b>Total Operating Expenses</b>	<u>5,287,604</u>
<b>Operating Income (Loss)</b>	(921,010)
<b>Non-Operating Revenues and (Expenses):</b>	
Federal and State Restricted Grants	2,281,963
Other Grants	59,600
Lease Interest Expense	(427,872)
Interest Expense	(310,651)
<b>Net Non-operating Revenues and (Expenses)</b>	<u>1,603,040</u>
<b>Change in Net Position</b>	682,030
<b>Net Position - Beginning of Year</b>	<u>(8,401,061)</u>
<b>Net Position - End of Year</b>	<u>\$ (7,719,031)</u>

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

State Aid Receipts	\$ 4,364,916
Miscellaneous	1,678
Cash Payments to Suppliers for Goods and Services	(5,050,755)
Net Cash Provided By (Used For) Operating Activities	(684,161)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Charter School Capital Advances	3,636,802
Charter School Capital Redemptions	(3,683,902)
Charter School Capital Cost of Funding	(75,213)
Federal and State Grant Receipts	2,726,363
Other Grants	59,600
Note Payable Interest Payments	(235,438)
Note Payable Principal Payments	(461,460)
Net Cash Provided By Noncapital Financing Activities	1,966,752

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

Lease Interest Payments	(427,872)
Lease Principal Payments	(374,128)
Purchase of Assets	(144,844)
Net Cash Used For Capital and Related Financing Activities	(946,844)

**Net Increase/(Decrease) in Cash and Cash Equivalents** 335,747

**Cash and Cash Equivalents - Beginning of the Year** 180,457

**Cash and Cash Equivalents - Ending of the Year** \$ 516,204

See Accompanying Notes to the Basic Financial Statements

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2022**  
**(Continued)**

<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>	
Operating Income (Loss)	\$ (921,010)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>	
Depreciation	638,559
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:	
(Increase)/ Decrease in Net OPEB Asset	(75,299)
(Increase)/ Decrease in Prepaid Expense	11,166
(Increase)/ Decrease in Deferred Outflows Pension	(418,680)
(Increase)/ Decrease in Deferred Outflows OPEB	(16,827)
Increase/ (Decrease) in Net Pension Liability	(1,598,249)
Increase/ (Decrease) in Net OPEB Liability	(7,715)
Increase/(Decrease) in Accounts Payable, Trade	(109,590)
Increase/(Decrease) in Accounts Payable, Related Party	(156,872)
Increase/(Decrease) in Accrued Expenses	117,756
Increase/ (Decrease) in Deferred Inflows Pension	1,782,132
Increase/ (Decrease) in Deferred Inflows OPEB	70,468
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b><u>\$ (684,161)</u></b>

See Accompanying Notes to the Basic Financial Statements

## **COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

#### **NOTE 1 – DESCRIPTION OF THE ACADEMY**

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

The Academy was originally approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor) for a period of four academic years commencing after July 1, 2004 and ending June 30, 2008. Subsequently the contract was extended for an additional ten years through June 30, 2018. Another five year extension through 2023 has been subsequently renewed. 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.

Ohio Revised Code Section 3314.02(E) states in part that the Academy operate under the direction of a Governing Board that consists of not less than five individuals who are not owners or employees, or immediate relatives or owners or employees of any for-profit firm that operates or manages an academy for the Governing Board. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provision regarding student population, curriculum, academic goals, performance standards, admission standards, and qualification of teachers. The Academy’s Governing Board also serves as the Board for Cornerstone Academy.

The Academy contracts with Accel Schools for management services including management of personnel and human resources, the program of instruction, marketing data management, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts and equipment and facilities.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNT POLICIES**

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

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

## COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

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

**Cash and Cash Equivalents** - Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net position. The Academy had no investments during the fiscal year ended June 30, 2022.

**Prepaid Items** - The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2022, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

**Capital Assets** - The Academy's capital assets during fiscal year 2022 consisted of leasehold improvements, furniture and equipment, computers and software. All capital assets are capitalized at cost and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of one thousand five hundred dollars. The Academy does not have any infrastructure. Leasehold improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

## COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

<u>Description</u>	<u>Useful Lives</u>
Computers & Software	5 years
Furniture & Equipment	5-20 years
Leasehold Improvements	Remaining life of lease
Leased Buildings	40 years or life of lease

The School is reporting an intangible right to use assets related to leased buildings, structures, and improvements. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**Net Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. At June 30, 2022, there was no enabling legislation setting any limitations on the use of Academy resources. Investment in capital assets is equal to capital assets net of accumulated depreciation.

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

**Deferred Inflows and Deferred Outflows of Resources** - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Note 10 and 11)

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

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

The Academy maintains its cash balances at Huntington Bank in Ohio. At June 30, 2022, the carrying amount of the Academy's deposits was \$516,204 and the bank balance was \$516,938. Of the School's bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was uninsured and uncollateralized.

**NOTE 4 – RECEIVABLES**

At June 30, 2022, the Academy had intergovernmental receivables of \$281,581. These receivables represent monies due from Title I, ESSER, CRF and Title IIA, which was not received as of June 30, 2022. The receivables are expected to be collected within one year.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated 06/30/21	Additions	Deletions	06/30/22
Capital Assets:				
Computers & Software	\$ 395,058	\$ 83,440	\$ -	\$ 478,498
Furniture & Equipment	313,712	9,337	-	323,049
Leased Building	6,873,016	-	-	6,873,016
Leasehold Improvements	68,088	52,067	-	120,155
Total Capital Assets	<u>7,649,874</u>	<u>144,844</u>	<u>-</u>	<u>7,794,718</u>
Less Accumulated Depreciation:				
Computers & Software	(395,058)	(27,813)	-	(422,871)
Furniture & Equipment	(163,754)	(76,846)	-	(240,600)
Leased Building	-	(528,693)	-	(528,693)
Leasehold Improvements	(68,089)	(5,207)	-	(73,296)
Total Accumulated Depreciation	<u>(626,901)</u>	<u>(638,559)</u>	<u>-</u>	<u>(1,265,460)</u>
Total Capital Assets, Net	<u>\$ 7,022,973</u>	<u>\$ (493,715)</u>	<u>\$ -</u>	<u>\$ 6,529,258</u>

**NOTE 6 – ADVANCES PAYABLE**

During the fiscal year ending 2022, the Academy received working capital advances from Charter School Capital through a receivables purchase agreement. As the Academy receives its monthly State funding, these advances are repaid, however, the Academy may elect to receive future advances from Charter School Capital by entering into additional agreements. The total cost of funding for the year was \$75,213.

A summary of short-term obligations for the Academy at June 30, 2022, is as follows:

	Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022
Charter School Capital	<u>\$ 769,200</u>	<u>\$ 3,636,802</u>	<u>\$ (3,683,902)</u>	<u>\$ 722,100</u>

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in the Academy’s long-term obligations during fiscal year 2022 were as follows:

	Restated Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Net Pension/OPEB Liabilities					
Net Pension Liability	\$ 4,035,872	\$ -	\$ (1,598,249)	\$ 2,437,623	\$ -
Net OPEB Liability	296,749	-	(7,715)	289,034	-
Total Net Pension/OPEB Liab.	<u>4,332,621</u>	<u>-</u>	<u>(1,605,964)</u>	<u>2,726,657</u>	<u>\$ -</u>
Direct Borrowing:					
Lease Obligations	6,873,015	\$ -	(374,128)	6,498,887	358,433
Accel Schools - Note Payable	1,149,425	-	(63,395)	1,086,030	67,977
Tatonka - Notes Payable	2,266,619	-	(398,065)	1,868,554	375,050
Total Long-Term Obligations	<u>\$ 14,621,680</u>	<u>\$ -</u>	<u>\$ (2,441,552)</u>	<u>\$ 12,180,128</u>	<u>\$ 801,460</u>

**Tatonka Note Payable** - In fiscal year 2015, the Academy restructured its long-term obligations and accounts payable-related party held by Mosaica Education, Inc. to Tatonka Capital Corporation, due to a court ordered receivership between Tatonka Capital Corporation and Mosaica Education, Inc. On December 15, 2014 the Academy executed a 7% \$5,146,067 promissory note payable to Tatonka Capital Corporation. The note matures on December 15, 2027. Principal totaled \$398,065, while interest totaled \$160,403 during the year.

There are no prepayment penalties on this note. Upon default on the note the remaining principal balance and any accrued interest at that point in time become immediately due and payable. Defaults are defined as nonpayment within 10 days of due date, failure to follow note agreement, voluntary insolvency proceeding, involuntary insolvency proceedings, misrepresentation, material adverse change in financial position, reorganization without lender consent, transfer of material properties of assets without lender consent.

In June 2018, the note with Tatonka Capital Corporation was restructured to assist the Academy with cash flow. As a result, the monthly payments were reduced by \$12,500 to \$33,754 per month for a period of three years. The updated schedule of the future minimum payments required under the Tatonka promissory notes as of June 30, 2022 is as follows:

Year Ending June 30:	Principal	Interest
2023	\$ 375,050	\$ 180,002
2024	402,142	152,911
2025	432,039	123,009
2026	463,718	91,333
2027	195,605	57,509
Total	<u>\$ 1,868,554</u>	<u>\$ 604,764</u>

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**ACCEL – Note Payable** - In July 2018, the Academy executed a note with Accel Schools for past due management fees in the amount of \$1,436,781. The note is through June 2033 and bears an annual interest rate of 7%. Interest is waived during the first 3 years of the note through fiscal year 2021. Monthly payments of \$7,982 are due through 2021, then payments of \$11,820 are due. Upon default, the outstanding principal and accrued interest at that time becomes immediately due. At the option of lender at the time of default, the interest rate can also increase by 5.00 percentage points. Default is defined as late payments, noncompliance with management agreement, making false statements, dissolution or insolvency, creditor or forfeiture proceedings, and closure of the Academy. The future minimum payments required under the Accel promissory note as of June 30, 2022 is as follows:

Year Ending June 30:	Principal	Interest
2023	\$ 67,977	\$ 73,868
2024	72,891	68,954
2025	78,160	63,685
2026	83,810	58,035
2027	89,869	51,976
2028-2032	556,712	152,516
2033	136,611	5,235
Total	<u>\$ 1,086,030</u>	<u>\$ 474,269</u>

**Lease Obligations:** On July 30, 2014, the Academy entered into a lease with Spirit Master Funding II, LLC, for an initial term of 10 years with an additional ten year renewal option through June 30, 2024. Initial base rent was \$802,000. The lease contains no adjustment agreement. Under the lease agreement, the Academy is responsible for paying all utilities, maintenance and repairs, and applicable property taxes.

In June 2018, the lease with Spirit Master Funding II, LLC was restructured to assist the Academy with cash flow. As a result, the monthly payments were reduced to \$66,833 per month for the remainder of the lease term. The School has outstanding agreements to lease building space. Due to the implementation of GASB Statement 87, these leases have met the criteria of leases thus requiring them to be recorded by the School. The future lease payments were discounted based on the interest rate implicit in the lease or using the School’s incremental borrowing rate. This discount is being amortized over the life of the lease. Accumulated depreciation on the leased building totaled \$528,693, leaving a net book value of \$6,344,322. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest	Total
2023	\$ 358,433	\$ 443,567	\$ 802,000
2024	384,344	417,656	802,000
2025	412,128	389,872	802,000
2026	441,921	360,079	802,000
2027	473,867	328,133	802,000
2028 - 2032	2,935,466	1,074,534	4,010,000
2033 - 2034	1,492,728	111,271	1,603,999
Total	<u>\$ 6,498,887</u>	<u>\$ 3,125,112</u>	<u>\$ 9,623,999</u>

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 8 – RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to: torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2022, the Academy contracted with Pashley Insurance Agency to provide insurance coverage with the Hartford Casualty Insurance Company.

<b>General Liability:</b>	
Each Occurrence	\$ 1,000,000
Aggregate Limit	\$ 2,000,000
Products-Completed Operations Aggregate Limit	\$ 2,000,000
Medical Expense Limit – Any One Person/Occurrence	\$ 15,000
Damage to Rented Premises-Each Occurrence	\$ 500,000
Personal and Advertising Injury	\$ 1,000,000
<b>Automotive Liability:</b>	
Combined Single Limit	\$ 1,000,000
<b>Building 3</b>	\$ 118,000
<b>Business Personal Property</b>	\$ 300,000
<b>Excess/Umbrella Liability:</b>	
Each Occurrence	\$ 5,000,000
Aggregate Limit	\$ 5,000,000

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

**NOTE 9 – PURCHASED SERVICES**

For the period July 1, 2021 through June 30, 2022, purchased service expenses were as follows:

<u>Purchased Services</u>	<u>Amount</u>
Personnel Services	\$2,405,654
Professional Services	621,696
Property Services	870,783
Utilities	79,090
Travel & Meetings	4,561
Communications	61,357
Contractual Trade	316,872
Total	<u>\$4,360,013</u>

The amount above is net of negative pension/OPEB expense included in Notes 10 and 11.

## COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

#### **NOTE 10 - DEFINED BENEFIT PENSION PLANS**

##### **Net Pension Liability**

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

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

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

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

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

##### **Plan Description - School Employees Retirement System (SERS)**

***Plan Description***—School non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 60 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 0.5% COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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, 2022, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent.

The School’s contractually required contribution to SERS was \$81,081 for fiscal year 2022.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description** –School 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](http://www.strsoh.org).

## **COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2022, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates. The School’s contractually required contributions to STRS was \$233,377 for fiscal year 2022.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0136636%	0.012944600%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0162988%</u>	<u>0.014361485%</u>	
Change in Proportionate Share	<u>0.0026352%</u>	<u>0.001416885%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 601,379	\$ 1,836,244	\$ 2,437,623
Pension Expense	\$ 1,593	\$ 78,068	\$ 79,661

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 School’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.

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At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 59	\$ 56,734	\$ 56,793
Changes of assumptions	12,664	509,407	522,071
Changes in proportion and differences between contributions and proportionate share of contributions	99,940	260,573	360,513
Academy contributions subsequent to the measurement date	81,081	233,377	314,458
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 193,744</u></b>	<b><u>\$ 1,060,091</u></b>	<b><u>\$ 1,253,835</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 15,596	\$ 11,509	\$ 27,105
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	309,728	1,582,492	1,892,220
Changes in proportion and differences between contributions and proportionate share of contributions	35,394	86,196	121,590
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 360,718</u></b>	<b><u>\$ 1,680,197</u></b>	<b><u>\$ 2,040,915</u></b>

\$314,458 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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:			
2023	(48,799)	(249,876)	(298,675)
2024	(30,546)	(180,750)	(211,296)
2025	(73,644)	(170,554)	(244,198)
2026	(95,066)	(252,303)	(347,369)
<b>Total</b>	<b><u>(248,055)</u></b>	<b><u>(853,483)</u></b>	<b><u>(1,101,538)</u></b>

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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**Actuarial Assumptions - SERS**

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

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

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, 2021, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability \$	1,000,546	\$ 601,379	\$ 264,743

**Changes since measurement date** Effective July 1, 2022 SERS made the following changes: Retiree Health Care – changes to monthly premium deductions associated with retiree health insurance and income related Medicare Parts B & D reimbursements. Cost-of-living adjustments – Changes to the cost-of-living adjustments made to retirees’ pensions. Normal Retirement Age – changes to the “Normal Retirement Age” for members of Tiers II and IIA.

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**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2021, actuarial valuation.

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

Actuarial assumptions used in the July 1, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	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	<u>100.00 %</u>	

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

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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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

**Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	\$ 3,438,600	\$ 1,836,244	\$ 482,259

**Changes since measurement date** In March 2022, the board eliminated the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The final change to the phased-in age and service requirements will be made Aug. 1, 2023, when 35 years of service will be required for an unreduced retirement.

**NOTE 11 – DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

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

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

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

## COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

#### ***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The School 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, there was no contribution made to health care.

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### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$4,046 for fiscal year 2022.

#### ***Plan Description - State Teachers Retirement System (STRS)***

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability and net OPEB asset were measured as of June 30, 2021, and the total OPEB liability and asset used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability and net OPEB asset were based on the School'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:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/asset Prior Measurement Date	0.0136542%	0.01294460%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	<u>0.0152720%</u>	<u>0.01436149%</u>	
Change in Proportionate Share	<u>0.0016178%</u>	<u>0.00141689%</u>	
Proportionate Share of the Net OPEB Liability/(asset)	\$ 289,034	\$ (302,801)	\$ (13,767)
OPEB Expense	\$ (10,458)	\$ (14,869)	\$ (25,327)

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 3,082	\$ 10,782	\$ 13,864
Changes of assumptions	45,342	19,342	64,684
Changes in proportion and differences between contributions and proportionate share of contributions	46,942	23,856	70,798
Academy contributions subsequent to the measurement date	<u>4,046</u>	<u>-</u>	<u>4,046</u>
Total Deferred Outflows of Resources	<u>\$ 99,412</u>	<u>\$ 53,980</u>	<u>\$ 153,392</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 143,953	\$ 55,480	\$ 199,433
Changes of assumptions	39,580	180,642	220,222
Net difference between projected and actual earnings on OPEB plan investments	6,280	83,933	90,213
Changes in proportion and differences between contributions and proportionate share of contributions	<u>57,354</u>	<u>16,397</u>	<u>73,751</u>
Total Deferred Inflows of Resources	<u>\$ 247,167</u>	<u>\$ 336,452</u>	<u>\$ 583,619</u>

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\$4,046 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (41,964)	\$ (76,437)	\$ (118,401)
2024	(33,496)	(74,330)	(107,826)
2025	(49,413)	(84,535)	(133,948)
2026	(18,932)	(35,794)	(54,726)
2027	(7,303)	(11,770)	(19,073)
Thereafter	(693)	394	(299)
Total	\$ (151,801)	\$ (282,472)	\$ (434,273)

***Actuarial Assumptions - SERS***

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Measurement Date	
Medicare	5.125 to 4.400 percent
Pre-Medicare	6.750 to 4.400 percent
Prior Measurement Date	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination for the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

**Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Academy's proportionate share of the net OPEB liability	\$ 358,149	\$ 289,034	\$ 233,822
	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
Academy's proportionate share of the net OPEB liability	\$ 222,533	\$ 289,034	\$ 377,861

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation is presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Inflation	2.50 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	4.93 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.33 percent	4.00 percent
Medicare	29.98 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.

Actuarial assumptions used in the June 30, 2021 valuation is based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

**Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net OPEB asset	\$ 255,517	\$ 302,801	\$ 342,299

  

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 340,698	\$ 302,801	\$ 255,936

***Benefit Term Changes Since the Prior Measurement Date***

In February 2022, the Board approved changes to the demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

**NOTE 12 - CONTINGENCIES**

**Grants** - The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2022.

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

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 did not perform such a review on the Academy for fiscal year 2022.

As of the date of this report, additional ODE adjustments for fiscal year 2022 are finalized. This resulted in additional funds being owed by the Academy in the amount of \$45,631 which is included on the Statement of Net Position as an Accrued Expense. The adjustment will also require the School's Sponsor and Management Company to adjust their fees accordingly for Fiscal Year 2022.

**NOTE 13 - SPONSOR**

The Academy was approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor) through June 30, 2023. As part of this contract, the Sponsor is entitled to a maximum of 3% of foundation revenues. Total amount due and paid for fiscal year 2022 was \$41,827.

**NOTE 14 – MANAGEMENT COMPANY AND MANAGEMENT COMPANY EXPENSES**

The Academy entered into an agreement with Accel Schools, a management company, to provide legal, financial, and other management support services for fiscal year 2022. The agreement was for a period of five years beginning July 1, 2015, which has been further extended. Management fees are calculated as 12.5% of the Academy's State Revenue. The total amount due from the Academy for the fiscal year ending June 30, 2022 was \$841,187 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes in Net Position.

Also per the management agreement there are expenses that will be billed to the Academy based on the actual costs incurred by Accel Schools. These expenses include rent, salaries of Accel employees working in at the Academy and other costs related to providing education and administrative services. The total amount billed to the Academy inclusive of management fees during fiscal year 2022 was \$2,913,393.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The following table is a summary of the management company expenses during fiscal year 2022:

Columbus Arts & Technology Academy	Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Support Services (2000 Function Codes)	Total
<b>Direct Expenses:</b>				
Salaries & Wages (100 Object Codes)	\$ 1,584,433	\$ 99,714	\$ 397,495	\$ 2,081,642
Employees' Benefits (200 Object Codes)	474,891	28,311	84,980	588,182
Professional & Technical Services (410 Object Codes)	102,487	-	53,210	155,697
Property Services (420 Object Codes)	-	-	1,566	1,566
Supplies (500 Object Codes)	35,110	-	4,835	39,945
Other Direct Costs (All Other Object Codes)	1,904	-	44,456	46,360
<b>Indirect Expenses:</b>				
Overhead	-	-	378,098	378,098
<b>Total Expenses</b>	<b>\$ 2,198,825</b>	<b>\$ 128,025</b>	<b>\$ 964,640</b>	<b>\$ 3,291,490</b>

Accel Schools charges expenses benefiting more than one school (i.e. overhead) are pro-rated based on full time equivalent (FTE) head count as of June 30, 2022 by each school it manages.

**NOTE 15 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2022, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the Academy's 2022 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the Academy.

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and 2) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Academy.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 16 - MANAGEMENT PLAN**

For fiscal year 2022, the Academy had a net position deficit of \$(7,719,031), which includes the impact of the net pension/OPEB liabilities and related accruals. The Academy's net deficit in fiscal year 2022 improved from the \$(8,401,061) net deficit in fiscal 2021. Enrollment decreased in fiscal year 2022 to 500, down from 552 in fiscal year 2021. The Academy's ability to maintain a stable administrative and instructional team along with active advertising via print, radio, mailings and through referrals of current parents is anticipated to help produce the likelihood of future enrollment growth leading to surpluses and provide an opportunity for the academy to recover from its prior deficits.

**NOTE 17 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the Academy received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the Academy. The impact on the Academy's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's Proportion of the Net Pension Liability	0.0202875%	0.0222532%	0.0219835%	0.0205493%	0.0161945%	0.0139981%	0.0131603%	0.008212%	0.008212%
School's Proportionate Share of the Net Pension Liability	\$ 601,379	\$ 1,471,874	\$ 1,315,311	\$ 1,176,896	\$ 967,586	\$ 1,024,532	\$ 750,939	\$ 415,605	\$ 488,341
School's Covered Payroll	\$ 629,550	\$ 780,150	\$ 754,156	\$ 700,022	\$ 504,264	\$ 652,600	\$ 396,191	\$ 241,025	\$ 91,293
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	95.53%	188.67%	174.41%	168.12%	191.88%	156.99%	189.54%	172.43%	534.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

See accompanying notes to the required supplementary information

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.007717879%	0.00876155%	0.00883561%	0.00926970%	0.00867349%	0.08869250%	0.00843822%	0.00660607%	0.00660607%
School's Proportionate Share of the Net Pension Liability	\$ 1,836,244	\$ 2,119,984	\$ 1,953,942	\$ 2,038,199	\$ 2,060,406	\$ 2,968,805	\$ 2,323,077	\$ 1,606,825	\$ 1,914,039
School's Covered Payroll	\$ 952,336	\$ 1,057,386	\$ 1,037,336	\$ 1,053,807	\$ 953,543	\$ 941,443	\$ 880,386	\$ 726,877	\$ 335,008
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	192.81%	200.49%	188.36%	193.41%	216.08%	315.35%	263.87%	221.06%	571.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

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

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

See accompanying notes to the required supplementary information

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 81,081	\$ 88,137	\$ 109,221	\$ 101,811	\$ 94,503	\$ 70,597	\$ 91,364	\$ 52,218	\$ 33,406	\$ 12,635
Contributions in Relation to the Contractually Required Contribution	(81,081)	(88,137)	(109,221)	(101,811)	(94,503)	(70,597)	(91,364)	(52,218)	(33,406)	(12,635)
Contribution Deficiency (Excess)	<u>\$ -</u>									
School Covered Payroll	\$ 579,150	\$ 629,550	\$ 780,150	\$ 754,156	\$ 700,022	\$ 504,264	\$ 652,600	\$ 396,191	\$ 241,025	\$ 91,293
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to the required supplementary information

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 233,377	\$ 133,327	\$ 148,034	\$ 145,227	\$ 147,533	\$ 133,496	\$ 131,802	\$ 123,254	\$ 94,494	\$ 43,551
Contributions in Relation to the Contractually Required Contribution	<u>(233,377)</u>	<u>(133,327)</u>	<u>(148,034)</u>	<u>(145,227)</u>	<u>(147,533)</u>	<u>(133,496)</u>	<u>(131,802)</u>	<u>(123,254)</u>	<u>(94,494)</u>	<u>(43,551)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
School Covered Payroll	\$ 1,123,607	\$ 952,336	\$ 1,057,386	\$ 1,037,336	\$ 1,053,807	\$ 953,543	\$ 941,443	\$ 880,386	\$ 726,877	\$ 335,008
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	2022	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability	0.0202931%	0.0223355%	0.0214849%	0.0209254%	0.0165008%	0.0142160%
School's Proportionate Share of the Net OPEB Liability	\$ 289,034	\$ 485,424	\$ 540,300	\$ 580,528	\$ 442,838	\$ 405,208
School's Covered Payroll	\$ 629,550	\$ 780,150	\$ 754,156	\$ 700,022	\$ 504,264	\$ 652,600
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	45.91%	62.22%	71.64%	82.93%	87.82%	62.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's Proportion of the Net OPEB Liability/Asset	0.00771788%	0.00876155%	0.00883561%	0.00926970%	0.00867349%	0.00886925%
School's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (302,801)	\$ (153,983)	\$ (146,339)	\$ (148,955)	\$ 338,409	\$ 474,330
School's Covered Payroll	\$ 952,336	\$ 1,057,386	\$ 1,037,336	\$ 1,053,807	\$ 953,543	\$ 941,443
School's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-31.80%	-14.56%	-14.11%	-14.13%	35.49%	50.38%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

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

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

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution (1)	\$ 4,046	\$ 10,147	\$ 10,770	\$ 11,993	\$ 15,152	\$ 10,728	\$ 7,324	\$ 3,249	\$ 4,261	\$ 1,726
Contributions in Relation to the Contractually Required Contribution	<u>(4,046)</u>	<u>(10,147)</u>	<u>(10,770)</u>	<u>(11,993)</u>	<u>(15,152)</u>	<u>(10,728)</u>	<u>(7,324)</u>	<u>(3,249)</u>	<u>(4,261)</u>	<u>(1,726)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Covered Payroll	\$ 579,150	\$ 629,550	\$ 780,150	\$ 754,156	\$ 700,022	\$ 504,264	\$ 652,600	\$ 396,191	\$ 241,025	\$ 91,293
OPEB Contributions as a Percentage of Covered Payroll (1)	0.70%	1.61%	1.38%	1.59%	2.16%	2.13%	1.12%	0.82%	1.77%	1.89%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**COLUMBUS ARTS & TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,269	\$ 3,350
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	(7,269)	(3,350)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 1,123,607	\$ 952,336	\$ 1,057,386	\$ 1,037,336	\$ 1,053,807	\$ 953,543	\$ 941,443	\$ 880,386	\$ 726,877	\$ 335,008
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

***Note 1 - Net Pension Liability***

***Changes of benefit terms- SERS***

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2022.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018-2020.

***Changes in assumptions- SERS***

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2021. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) 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, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0.0% to 0.85%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%.

***Changes in benefit terms – STRS***

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

***Changes in assumptions – STRS***

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017 and 2019-2021. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%.

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Note 2 - Net OPEB Liability/Asset**

**Changes of benefit terms- SERS**

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2022.

**Changes in Assumptions – SERS**

Amounts reported for fiscal years 2018-2022 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
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 2022	2.27 percent
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
Medicare Trend Assumption	
Medicare	
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre – Medicare	
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

**Changes in Assumptions – STRS**

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

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY - FRANKLIN COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates modified.

***Changes in Benefit Terms – STRS***

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

For fiscal year 2020, claims 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% to 1.984 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

There were no benefit term changes from the amounts reported for fiscal year 2022.

**COLUMBUS ARTS & TECHNOLOGY ACADEMY**  
**FRANKLIN COUNTY, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**  
**(Prepared by Management)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal ALN Number	Grant Year	Expenses
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2022	\$ 104,755
National School Lunch Program	10.555	2022	165,401
National School Lunch Program (COVID-19)	10.555	2022	17,793
Total Child Nutrition Cluster			<u>287,949</u>
<i>Total U.S. Department of Agriculture</i>			287,949
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I	84.010A	2022	432,185
Total Title I			<u>432,185</u>
<i>Special Education Cluster (IDEA):</i>			
Special Education--Grants to States (IDEA, Part B)	84.027	2022	131,250
Special Education--Grants to States (ARP IDEA)	84.027X	2022	29,432
<i>Total Special Education Cluster (IDEA)</i>			<u>160,682</u>
ESSER - Education Stabilization Fund - COVID-19	84.425D	2022	776,757
ARP ESSER - Education Stabilization Fund - COVID-19	84.425U	2022	243,815
<i>Total Education Stabilization Fund</i>			<u>1,020,572</u>
Title IV-A Student Support and Academic Enrichment	84.424A	2022	18,927
Title II-A Improving Teacher Quality	84.367A	2022	40,053
<i>Total U.S. Department of Education</i>			1,672,419
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Department of Education</i>			
CRF-Broadband Connectivity-COVID19	21.019	2022	8,539
<i>Total U.S Department of the Treasury</i>			8,539
<b>FEDERAL COMMUNICATIONS COMMISSION</b>			
Emergency Connectivity Fund-COVID-19	32.009	2022	59,600
<i>Total Federal Communications Commission</i>			<u>59,600</u>
<b>Total Federal Financial Assistance</b>			<b><u>\$ 2,028,507</u></b>

*The accompanying notes are an integral part of this Schedule.*

**COLUMBUS ARTS & TECHNOLOGY ACADEMY  
FRANKLIN COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(B)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Columbus Arts & Technology Academy, Franklin County, Ohio (the School) under programs of the federal government for the year ended June 30, 2022. 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 School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – TRANSFERS**

The School generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, an School (carryover) unspent Federal assistance to the succeeding year, thus allowing the School a total of 27 months to spend the assistance.

**NOTE D – CHILD NUTRITION CLUSTER**

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

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

Columbus Arts and Technology Academy  
Franklin County, Ohio  
2255 Kimberly Parkway East  
Columbus, Ohio 43232

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Columbus Arts and Technology Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 30, 2022. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy. We also noted the Academy implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. We also noted the Academy has suffered recurring losses from operations and has a net position deficiency that raises substantial doubt about its ability to continue as a going concern.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
December 30, 2022

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

Columbus Arts and Technology Academy  
Franklin County, Ohio  
2255 Kimberly Parkway East  
Columbus, Ohio 43232

To the Board of Directors:

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited the Columbus Arts and Technology Academy, Franklin County, Ohio's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2022. The Academy's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

The Academy's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Academy's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



*Charles E. Harris & Associates, Inc.*

December 30, 2022

**COLUMBUS ARTS AND TECHNOLOGY ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	<b>Unmodified</b>
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Program (list):</b>	ESSER – Education Stabilization Fund – ALN # 84.425D ARP ESSER – ALN # 84.425U
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**COLUMBUS ARTS AND TECHNOLOGY 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 7/25/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)