A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2020

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the A+ Arts Academy, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 24, 2021

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A+ ARTS ACADEMY
FRANKLIN COUNTY
SINGLE AUDIT
For the year ended June 30, 2020

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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REPORT OF INDEPENDENT AUDITORS

A+ Arts Academy
Franklin County
270 S. Napoleon Avenue
Columbus, Ohio 43213

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the A+ Arts Academy, Franklin County, Ohio (The Academy) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the A+ Arts Academy as of June 30, 2020, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statement, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy. We did not modify our opinions regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension assets/liabilities, net postemployment liabilities and pension and postemployment contributions listed in the table of contents, 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 A+ Arts Academy, Franklin County, Ohio's basic financial statements.

The Schedule of Expenditures of Federal Awards (Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2021 on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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

Charles E. Harris & Associates, Inc.
August 5, 2021

The management's discussion and analysis of A+ Arts Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for the Academy during fiscal year 2020 are as follows:

- Net Position of the Academy was negative $4,796,463 at fiscal year-end, a decrease of $837,702 in comparison with the prior fiscal year-end.

- Total assets increased $119,412 and total liabilities increased $62,061 in comparison with the prior fiscal year-end.

Using the Basic Financial Statements

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

Report Components

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

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

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

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

Table 1 provides a summary of the Academy's net position for fiscal year 2020 compared to those reported for fiscal year 2019.

Table 1
Net Position

	2020	2019
Assets:		
Current Assets	$ 251,749	$ 78,552
Capital Assets	1,999,548	2,089,766
Net OPEB Asset	395,676	359,243
Total Assets	2,646,973	2,527,561
Deferred Outflows of Resources:		
Pensions	2,190,987	3,220,809
OPEB	202,044	196,098
Total Deferred Outflows of Resources	2,393,031	3,416,907
Liabilities:		
Current liabilities	698,562	1,026,103
Noncurrent liabilities	7,984,299	7,594,697
Total Liabilities	8,682,861	8,620,800
Deferred Inflows of Resources:		
Pensions	386,331	548,075
OPEB	767,275	734,354
Total Deferred Inflows of Resources	1,153,606	1,282,429
Net Position:		
Net Investment in Capital Assets	1,624,143	1,578,686
Restricted	395,795	48,705
Unrestricted	(6,816,401)	(5,586,152)
Total Net Position	$ (4,796,463)	$ (3,958,761)

Total deferred outflows of resources decreased significantly in comparison with the prior fiscal year-end. This decrease is primarily the result of amortization of pension-related deferred outflows.

Current liabilities decrease significantly in comparison with the prior fiscal year-end. This decrease is primarily the result of decreases in accrued wages and benefits and mortgage loans payable. Accrued wages and benefits decrease because of a reduction in staff during the fiscal year. Mortgage loans payable decreased because the 2015 Marbury mortgage was paid off during the year.

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

Table 2
Change in Net Position

	2020	2019
Operating Revenues:		
State Foundation	$ 4,242,698	$ 4,793,592
Tuition and Fees	18,043	12,836
Extracurricular	30,095	39,761
Other	23,574	81,817
Total Revenues	4,314,410	4,928,006
Operating Expenses:		
Personal Services	5,824,396	5,366,382
Purchased Services	1,031,806	1,381,948
Materials and Supplies	138,083	272,085
Depreciation	90,218	92,217
Other	169,392	69,996
Total Operating Expenses	7,253,895	7,182,628
Non-Operating Revenues/(Expenses):		
Restricted Federal and State Grants	2,009,654	1,718,330
Other Unrestricted State Grants	183,906	168,433
Donations	403	-
Interest Payments	(20,483)	(24,973)
Other Expenses	(71,697)	-
Total Non-Operating Revenues/(Expenses)	2,101,783	1,861,790
Change in Net Position	(837,702)	(392,832)
Net Position Beginning of Year	(3,958,761)	(3,565,929)
Net Position End of Year	$ (4,796,463)	$ (3,958,761)

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

Total Personal Services increased significantly in comparison with prior fiscal year. This increase is primarily the result of increases in pension and OPEB expenses, offset by a decrease in salaries. The increases in pension and OPEB expenses are primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments. The decrease in salaries is the result of a reduction in staff during the fiscal year.

Capital Assets Administration

As of fiscal-year end, the Academy had $2.0 million invested in capital assets, a decrease of $90,218 in comparison with the prior fiscal year-end. This decrease represents the amount in which current year depreciation ($90,218) exceeded current year acquisitions ($0). See Note 5 for more information.

Debt Administration

As of fiscal year-end, the Academy had $342,319 in outstanding mortgage loans, a decrease of $124,571 in comparison with the prior fiscal year. This decrease represents the amount of loan principal reduction payments during the fiscal year. See Note 6 for more information.

Current Financial Related Activities

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

Contacting the Academy's Financial Management

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

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Assets:	
Current Assets	
Intergovernmental Receivable	$ 251,749
Total Current Assets	251,749
Noncurrent Assets	
Nondepreciable Capital Assets	147,642
Depreciable Capital Assets, Net	1,851,906
Net OPEB Asset	395,676
Total Noncurrent Assets	2,395,224
Total Assets	2,646,973
Deferred Outflows of Resources:	
Pension	2,190,987
OPEB	202,044
Total Deferred Outflows of Resources	2,393,031
Liabilities:	
Current Liabilities	
Accounts Payable	144,552
Accrued Wages and Benefits	337,224
Intergovernmental Payable	97,250
Compensated Absences	35,260
Capital Lease Payable	11,671
Mortgage Loan Payable	72,605
Total Current Liabilities	698,562
Long-Term Liabilities:	
Compensated Absences	81,914
Capital Lease Payable	21,415
Mortgage Loan Payable	269,714
Net Pension Liability	6,938,874
Net OPEB Liability	672,382
Total Noncurrent Liabilities	7,984,299
Total Liabilities	8,682,861
Deferred Inflows of Resources:	
Pension	386,331
OPEB	767,275
Total Deferred Inflows of Resources	1,153,606
Net Position:	
Net Investment in Capital Assets	1,624,143
Restricted for:	
Food Service Program	82,444
State Funded Programs	150,876
Federally Funded Programs	160,384
Other Purposes	2,091
Unrestricted	(6,816,401)
Total Net Position	$ (4,796,463)

See accompanying notes to the basic financial statements.

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenues:	
State Foundation	$ 4,242,698
Tuition and Fees	18,043
Extracurricular	30,095
Other	23,574
Total Operating Revenues	4,314,410
Operating Expenses:	
Salaries and Wages	3,605,921
Fringe Benefits	2,218,475
Purchased Services	1,031,806
Materials and Supplies	138,083
Depreciation	90,218
Other	169,392
Total Operating Expenses	7,253,895
Operating Loss	(2,939,485)
Non-Operating Revenues/(Expenses):	
Restricted Federal and State Grants	2,009,654
Other Unrestricted State Grants	183,906
Donations	403
Interest Payments	(20,483)
Other Expenses	(71,697)
Total Non-Operating Revenues/(Expenses)	2,101,783
Change in Net Position	(837,702)
Net Position Beginning of Year	(3,958,761)
Net Position End of Year	$ (4,796,463)

See accompanying notes to the basic financial statements.

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows From Operating Activities	
Cash Received from State Foundation	$ 4,219,843
Cash Received from Tuition and Fees	18,043
Cash Received from Extracurricular	30,095
Cash Received from Other	23,729
Cash Payments for Salaries and Wages	(3,739,249)
Cash Payments for Fringe Benefits	(1,059,718)
Cash Payments for Purchased Services	(1,079,860)
Cash Payments for Materials and Supplies	(132,313)
Cash Payments for Other	(160,434)
Net Cash Used by Operating Activities	(1,879,864)
Cash Flows From Noncapital Financing Activities	
Cash Received from Federal and State Grants	2,035,619
Cash Received from Donations and Contributions	403
Net Cash Provided by Noncapital Financing Activities	2,036,022
Cash Flows From Capital and Related Financing Activities	
Principal Retirement	(135,675)
Interest and Fiscal Charges	(20,483)
Net Cash Used by Capital and Related Financing Activities	(156,158)
Net Increase/(Decrease) in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	$ -

See accompanying notes to the basic financial statements.

A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	$ (2,939,485)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	90,218
Change in Assets and Liabilities:	
Intergovernmental Receivable	(22,685)
Accounts Payable	(29,994)
Accrued Wages	(206,666)
Net Pension Liability and Related Deferred Inflows/Outflows	1,346,621
Net OPEB Asset/Liability and Related Deferred Inflows/Outflows	(66,018)
Intergovernmental Payable	(104,518)
Compensated Absences Payable	52,663
Net Cash Used by Operating Activities	$ (1,879,864)

See accompanying notes to the basic financial statements.

Note 1 – Description of the Academy

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

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

The Academy operates under the direction of a self-appointed five-member Governing Board. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Board controls the Academy's three instructional/support facilities staffed by 32 non-certified staff members and 58 certified full time teaching personnel who provide services to 680 students.

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting

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

C. Budgetary Process

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

D. Cash and Cash Equivalents

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

E. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The Academy has maintained a capitalization threshold of $1,000. The Academy does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed when incurred.

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Notes 8 and 9.

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

G. Net Position

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

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

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

H. Intergovernmental Revenues

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

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

I. Operating and Non-Operating Revenues and Expenses

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

Note 2 – Summary of Significant Accounting Policies (Continued)

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

J. Estimates

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

K. Compensated Absences Policy

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

L. Pensions and Other Postemployment Benefits (OPEB)

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

Note 3 – Deposits

At fiscal year-end, the carrying value of the Academy's deposits was negative $86,700, and the bank balance totaled $299,256.The negative carrying value of the Academy's deposits is recorded as a liability on the statement of net position. The Academy's entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

The Academy has no deposit policy for custodial credit risk.

Note 4 – Receivables

At fiscal year-end, intergovernmental receivables, consisting primarily of foundation adjustments and federal grants, totaled $251,749. All intergovernmental receivables are considered collectible within one year.

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

Capital Assets:	**Beginning Balance**	**Additions**	**Deletions**	**Ending Balance**
Capital assets, not being depreciated:				
Land	$ 147,642	$ -	$ -	$ 147,642
Total capital assets, not being depreciated	147,642	-	-	147,642
Capital assets, being depreciated:				
Land Improvements	44,217	-	-	44,217
Buildings and Building Improvements	2,089,007	-	-	2,089,007
Furniture and Equipment	500,072	-	-	500,072
Total capital assets, being depreciated	2,633,296	-	-	2,633,296
Less Accumulated Deprciation:				
Land Improvements	(18,523)	(2,653)	-	(21,176)
Buildings and Building Improvements	(320,627)	(52,149)	-	(372,776)
Furniture and Equipment	(352,022)	(35,416)	-	(387,438)
Total accumulated depreciation	(691,172)	(90,218)	-	(781,390)
Depreciable Capital Assets, Net	1,942,124	(90,218)	-	1,851,906
Total Capital Assets, Net	$ 2,089,766	$ (90,218)	$ -	$ 1,999,548

Note 6 – Long-Term Obligations

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

	Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Due Within One Year**
Loans From Direct Borrowings:					
2006 Mortgage loan payable	$ 411,293	$ -	$ (68,974)	$ 342,319	$ 72,605
2015 Mortgage loan payable	55,597	-	(55,597)	-	-
Total Loans from Direct Borrowings	466,890	-	(124,571)	342,319	72,605
Net Pension Liability	6,460,331	478,543	-	6,938,874	-
Net OPEB Liability	728,942	-	(56,560)	672,382	-
Compensated Absences	64,511	52,663	-	117,174	35,260
Capital Leases	44,190	-	(11,104)	33,086	11,671
Total Long-term Liabilities	$ 7,764,864	$ 531,206	$ (192,235)	$ 8,103,835	$ 119,536

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

Note 6 – Long-Term Obligations (Continued)

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

2015 Mortgage loan payable: On April 1, 2015 the Academy issued a mortgage loan in the amount of $340,000 with an interest rate of 5.00% to be repaid over 5 years. The loan was issued to purchase a building which is used as classrooms for the Academy.

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

Fiscal Year Ended	Principal	Interest	Total
2021	$ 72,605	$ 15,686	$ 88,291
2022	76,372	11,918	88,290
2023	80,335	7,955	88,290
2024	84,496	3,795	88,291
2025	28,511	299	28,810
Total	$ 342,319	$ 39,653	$ 381,972

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

Note 7 – Sponsorship Agreement with Ohio Department of Education

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

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

During the fiscal year, the Academy paid the Sponsor $142,087 in sponsorship fee services under this agreement.

Note 8 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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/OPEB are financed; however, the Academy does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Note 8 – Defined Benefit Pension Plans (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The Academy's contractually required contribution to SERS was $132,086 for fiscal year 2020. Of this amount, $5,497 is reported as an intergovernmental payable.

Note 8 – Defined Benefit Pension Plans (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

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

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

Note 8 – Defined Benefit Pension Plans (Continued)

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was $370,682 for fiscal year 2020. Of this amount, $34,904 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02767200%	0.02389036%	
Prior Measurement Date	0.02697110%	0.02235629%	
Change in Proportionate Share	0.00070090%	0.00153407%	
Proportionate Share of the Net Pension Liability	$ 1,655,664	$ 5,283,210	$ 6,938,874
Pension Expense	$ 379,530	$ 1,469,859	$ 1,849,389

Note 8 – Defined Benefit Pension Plans (Continued)

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

At June 30, 2020 the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 41,984	$ 43,014	$ 84,998
Changes of Assumptions	0	620,616	620,616
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	75,426	907,179	982,605
Academy Contributions Subsequent to the Measurement Date	132,086	370,682	502,768
Total Deferred Outflows of Resources	$ 249,496	$ 1,941,491	$ 2,190,987
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 22,870	$ 22,870
Net Difference between Projected and Actual Earnings on Pension Plan Investments	21,252	258,214	279,466
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	35,407	48,588	83,995
Total Deferred Inflows of Resources	$ 56,659	$ 329,672	$ 386,331

Note 8 – Defined Benefit Pension Plans (Continued)

$502,768 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. 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:			
2021	$ 77,023	$ 864,825	$ 941,848
2022	(26,910)	180,186	153,276
2023	(1,414)	105,332	103,918
2024	12,052	90,794	102,846
	$ 60,751	$ 1,241,137	$ 1,301,888

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

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.

Note 8 – Defined Benefit Pension Plans (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

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

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

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

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

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

Note 8 – Defined Benefit Pension Plans (Continued)

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	$ 2,320,178	$ 1,655,664	$ 1,098,387

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

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

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

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

Note 8 – Defined Benefit Pension Plans (Continued)

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the Academy's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	$ 7,720,822	$ 5,283,210	$ 3,219,646

Note 9 – Defined Benefit OPEB Plans

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, Academy's surcharge obligation was \$5,190, which is reported as an intergovernmental payable.

Note 9 – Defined Benefit OPEB Plans (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02673700%	0.02389000%	
Prior Measurement Date	0.02627510%	0.02235629%	
Change in Proportionate Share	0.00046190%	0.00153371%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 672,382	$ (395,676)	
OPEB Expense	$ 31,960	$ (92,788)	$ (60,828)

Note 9 – Defined Benefit OPEB Plans (Continued)

At June 30, 2020, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 9,870	$ 35,870	$ 45,740
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,614	0	1,614
Changes of Assumptions	49,109	8,317	57,426
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	26,131	65,943	92,074
Academy Contributions Subsequent to the Measurement Date	5,190	0	5,190
Total Deferred Outflows of Resources	$ 91,914	$ 110,130	$ 202,044
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 147,717	$ 20,129	$ 167,846
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	24,851	24,851
Changes of Assumptions	37,678	433,813	471,491
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	81,912	21,175	103,087
Total Deferred Inflows of Resources	$ 267,307	$ 499,968	$ 767,275

Note 9 – Defined Benefit OPEB Plans (Continued)

$5,190 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. 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:			
2021	$ (35,050)	$ (86,350)	$ (121,400)
2022	(37,543)	(86,350)	(123,893)
2023	(37,070)	(76,390)	(113,460)
2024	(37,149)	(72,899)	(110,048)
2025	(25,560)	(67,572)	(93,132)
Thereafter	(8,211)	(277)	(8,488)
	$ (180,583)	$ (389,838)	$ (570,421)

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.

Note 9 – Defined Benefit OPEB Plans (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

Note 9 – Defined Benefit OPEB Plans (Continued)

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

Note 9 – Defined Benefit OPEB Plans (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	$ 816,141	$ 672,382	$ 558,072

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	$ 538,712	$ 672,382	$ 849,723

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

Note 9 – Defined Benefit OPEB Plans (Continued)

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

Note 9 – Defined Benefit OPEB Plans (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability (Asset)	$ (337,630)	$ (395,676)	$ (444,478)

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability (Asset)	$ (448,678)	$ (395,676)	$ (330,761)

Note 10 – Capital Leases – Lessee Disclosure

During fiscal year 2019, the Academy entered into capital lease agreements for the purchase of five copiers. The copiers have been capitalized in the amount of $48,795. This amount represents the present value of minimum lease payments at the time of acquisition, assuming an interest rate of 0%. Accumulated depreciation as of June 30, 2020 was $13,175, leaving a current book value of $35,620. A corresponding liability was also recorded.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2020:

Year	Amount
2021	$ 11,671
2022	12,268
2023	7,075
2024	2,072
Present Value of Minimum Lease Payments	$ 33,086

Note 11 – Other Employee Benefits

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

Note 12 – Contingent Liabilities

A. Grants

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

B. Litigation

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

C. Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2020 and determined the Academy was underpaid by $36,863. This amount is reported as intergovernmental receivable on the statement of net position. As of the date of this report, all ODE adjustments have been completed.

Note 13 – Purchased Services

For the fiscal year ended June 30, 2020, purchased services disbursements were as follows:

Professional & Technical Services	$	292,027
Property Services & Rentals		315,799
Meeting Expenses		13,007
Postage, Advertising and Printing		3,434
Utilities		122,723
Contracted Food Services		277,385
Other		7,431
Total	$	1,031,806

Note 14 – Risk Management

A. Property and Liability

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

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

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

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

B. Workers' Compensation

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

Note 15 – Change in Accounting Principles

For fiscal year ending June 30, 2020, the Academy has implemented the following:

For the fiscal year ended June 30, 2020, the Academy implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Note 15 – Change in Accounting Principles (Continued)

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the Academy also implemented paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Paragraph 4 increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a government board typically would perform and paragraph 5 mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. The implementation of paragraphs 4 and 5 of this Statement did not have an effect on the financial statements of the Academy.

For the fiscal year ended June 30, 2020, the Academy has early implemented GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, and GASB Statement No. 92 Omnibus 2020.

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Academy.

Note 16 – Fiscal Distress/Management Plan

The Academy's Net Position at June 30, 2020 was negative $372,754, excluding the effects of GASB 68 and GASB 75, as well as all capital-related assets and liabilities. This deficit represents the amount in which the Academy's operating liabilities exceeded operating assets at fiscal year-end. The Board and the Ohio Department of Education remain committed to the success of the Academy both academically and financially. During FY21, staffing was reduced and will continue to be reduced for FY22. Purchased services were also decreased for FY20 and the Academy will be changing its Operator to a contracted service for FY21. The Operator will add increased marketing to focus on increasing student enrollment.

Note 17 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Academy. The investments of the pension and other employee benefit plans in which the Academy participates may incur a decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

REQUIRED SUPPLEMENTARY INFORMATION

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.0276720%	0.0269711%	0.0300797%	0.0263855%	0.0176249%	0.013869%	0.013869%
Academy's Proportionate Share of the Net Pension Liability	$ 1,655,664	$ 1,544,685	$ 1,797,196	$ 1,931,175	$ 1,005,694	$ 701,902	$ 824,745
Academy's Covered Payroll	$ 1,037,896	$ 895,654	$ 982,947	$ 838,321	$ 542,282	$ 404,667	$ 428,432
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.52%	172.46%	182.84%	230.36%	185.46%	173.45%	192.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.02389036%	0.02235629%	0.02013573%	0.02054973%	0.01356099%	0.009695%	0.009695%
Academy's Proportionate Share of the Net Pension Liability	$ 5,283,210	$ 4,915,646	$ 4,783,286	$ 6,878,614	$ 3,747,891	$ 2,358,099	$ 2,808,952
Academy's Covered Payroll	$ 2,861,836	$ 2,628,643	$ 2,151,697	$ 2,267,546	$ 1,491,615	$ 1,082,381	$ 970,318
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	184.61%	187.00%	222.30%	303.35%	251.26%	217.86%	289.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution	$ 132,086	$ 140,116	$ 120,913	$ 137,612
Contributions in relation to the contractually required contribution	$ 132,086	$ 140,116	$ 120,913	$ 137,612
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 943,471	$ 1,037,899	$ 895,654	$ 982,947
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
$ 117,365	$ 71,473	$ 56,087	$ 59,295	$ 44,420	$ 37,210
$ 117,365	$ 71,473	$ 56,087	$ 59,295	$ 44,420	$ 37,210
$ -	$ -	$ -	$ -	$ -	$ -
$ 838,321	$ 542,282	$ 404,667	$ 428,432	$ 330,260	$ 296,022
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution	$ 370,682	$ 400,657	$ 368,010	$ 301,238
Contributions in relation to the contractually required contribution	$ 370,682	$ 400,657	$ 368,010	$ 301,238
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,647,729	$ 2,861,835	$ 2,628,643	$ 2,151,697
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
$ 317,456	$ 208,826	$ 140,709	$ 126,141	$ 121,971	$ 105,412
$ 317,456	$ 208,826	$ 140,709	$ 126,141	$ 121,971	$ 105,412
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,267,546	$ 1,491,615	$ 1,082,381	$ 970,318	$ 938,239	$ 810,862
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.02673700%	0.02627510%	0.03031720%	0.02662970%
Academy's Proportionate Share of the Net OPEB Liability	$ 672,382	$ 728,942	$ 813,634	$ 813,634
Academy's Covered Payroll	$ 1,037,896	$ 895,654	$ 982,947	$ 838,321
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	64.78%	81.39%	82.77%	97.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET)/LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
Academy's Proportion of the Net OPEB (Asset)/Liability	0.23890000%	0.02235629%	0.02013573%	0.02054973%
Academy's Proportionate Share of the Net OPEB (Asset)/Liability	$ (395,676)	$ (359,243)	$ 785,622	$ 1,099,005
Academy's Covered Payroll	$ 2,861,836	$ 2,628,643	$ 2,151,697	$ 2,267,546
Academy's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-13.83%	-13.67%	36.51%	48.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution (1)	$ 5,190	$ 13,910	$ 13,845	$ 15,567
Contributions in Relation to the Contractually Required Contribution	$ 5,190	$ 13,910	$ 13,845	$ 15,567
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 943,471	$ 1,037,899	$ 895,654	$ 982,947
OPEB Contributions as a Percentage of Covered Payroll (1)	0.55%	1.34%	1.55%	1.58%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
$ 27,086	$ 15,059	$ 11,214	$ 7,699	$ 5,755	$ 8,320
$ 27,086	$ 15,059	$ 11,214	$ 7,699	$ 5,755	$ 8,320
$ -	$ -	$ -	$ -	$ -	$ -
$ 838,321	$ 542,282	$ 404,667	$ 428,432	$ 330,260	$ 296,022
3.23%	2.78%	2.77%	1.80%	1.74%	2.81%

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 2,647,729	$ 2,861,835	$ 2,628,643	$ 2,151,697
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
$ -	$ -	$ 10,824	$ 9,703	$ 7,950	$ 8,109
$ -	$ -	$ 10,824	$ 9,703	$ 7,950	$ 8,109
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,267,546	$ 1,491,615	$ 1,082,381	$ 970,318	$ 938,239	$ 62,377
0.00%	0.00%	1.00%	1.00%	0.85%	13.00%

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

NOTE 2 – NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

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

Pre-Medicare

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

Medicare

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

Changes in Assumptions – STRS

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

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

NOTE 2 – NET OPEB LIABILITY/ (ASSET) (Continued)

Changes in Benefit Terms – STRS

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

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

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

A+ ARTS ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/ *Pass Through Grantor/* Program Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through the Ohio Department of Education:		
Nutrition Cluster:		
School Breakfast Program	10.553	$ 108,798
National School Lunch Program	10.555	263,014
Total Nutrition Cluster		371,812
Total U.S. Department of Agriculture		371,812
U.S. DEPARTMENT OF EDUCATION		
Passed Through the Ohio Department of Education:		
Special Education - Grants to States - 2019	84.027	6,145
Special Education - Grants to States - 2020	84.027	123,542
Special Education Restoration - Grants to States	84.027	4,828
Total Special Education - Grants to States		134,515
Title I Grant - 2019	84.010	42,871
Title I Grant - 2020	84.010	321,130
School Quality Improvement - 2020	84.010	96,523
Total Title I Grants to Local Educational Agencies		460,524
Improving Teacher Quality Grant Program - 2019	84.367	5,440
Improving Teacher Quality Grant Program - 2020	84.367	8,470
Total Improving Teacher Quality Grant Programs		13,910
Title IVA Grant - 2019	84.184	510
Title IVA Grant - 2020	84.184	47,719
Total Title IVA		48,229
21st Century Community Learning Centers	84.287	139,147
Total U.S. Department of Education		$796,325
Total Federal Financial Assistance		**$ 1,168,137**

A+ ARTS ACADEMY
FRANKLIN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of A+ Arts Academy's (Academy) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COSTS

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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Parma, Ohio 44129

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Certified Public Accountants

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INDEPENDENT AUDITORS' 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*

A+ Arts Academy
Franklin County
270 S. Napoleon Avenue
Columbus, Ohio 43213

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States 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 A+ Arts Academy, Franklin, County, Ohio (the Academy) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated August 5, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy.

Internal Controls 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 opinions 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 internal control deficiencies that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2020-001 through 2020-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated August 5, 2021.

Academy's Responses to Findings

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

Purpose of this Report

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
August 5, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

A+ Arts Academy
Franklin County
270 S. Napoleon Avenue
Columbus, Ohio 43213

To the Board of Directors:

Report on Compliance for the Major Federal Programs

We have audited the A+ Arts Academy, Franklin County, Ohio's, (Academy) compliance with the types of compliance requirements described 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 programs for the year ended June 30, 2020. The Academy's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Programs

In our opinion, the A+ Arts Academy, Franklin County, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
August 5, 2021

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	Yes
(d)(1)(ii)	*Were there any significant deficiencies reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material non-compliance at the financial statement level (GAGAS)?*	Yes
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR § 200.516(a)*	No
(d)(1)(vii)	*Major Programs:*	Title 1 Grant (CFDA# 84.010) Special Education - (CFDA # 84.027)
(d)(1)(viii)	*Dollar Threshold: Type A\B Programs*	Type A:>$750,000 Type B: All Others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	No

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

FINDING NUMBER 2020-001

Material Weakness and Noncompliance – Accounting Records

Ohio Administrative Code (OAC) § 117-2-02(D) in part states that the local office should maintain adequate documentation to support the amounts recorded on its accounting ledger. It is management's responsibility to implement internal accounting control policies and procedures to reasonably ensure the Academy's expenditures are properly recorded. Specifically, these control procedures include the maintenance of adequate documentation to support the accuracy and completeness of the expenditure records.

The Academy did not maintain adequate support for certain types of expenditures. During our testing of expenditures, 20 out of 107 expenditures tested for 2020 were missing invoices. Alternative support was viewed to determine the payments on the missing invoices was for a proper public purpose and properly recorded. We also noted 95 out of 107 purchase orders that could not be located.

Lack of proper support for transactions and approval of purchases for certain types of expenditures increases the Academy's risk of misappropriation of funds. We recommend the Academy Treasurer and Board of Directors take the necessary steps to ensure the integrity of the financial records and retain adequate support of financial transactions of the Academy. We further recommend the Treasurer implement procedures to adequately track and reconcile these types of expenditures to help prevent misappropriation of funds and improve financial reporting. Those procedures could include using an accounting system and reconciling outstanding checks.

Management's Response - See Corrective Action Plan

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS –(Continued)

FINDING NUMBER 2020-002

Noncompliance - Remittance Payments

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

The law requires employer to withhold taxes from employee's paychecks and remit those taxes to the government. The United States Internal Revenue Code, for example, requires employers to deduct from wages paid to employees the employees' share of FICA taxes and individual income taxes. See 26 U.S.C. §§ 3102(a) and 3402(a). Those withholdings are considered to be held in "a special fund in trust for the United States." 26 U.S.C. § 7501(a). The employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of any such payments. 26 U.S.C. § 3403 states that the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter, and shall not be liable to any person for the amount of such payment.

The Academy did not remit payments timely to the Internal Revenue Service (IRS) from September 2018 to June 2020 and City of Columbus taxes from September 2018 to December 2019. This resulted in taxes penalties, late fees and interest charged to the Academy. The total amount of taxes due, late fees, penalties, and interest charged the Academy amounted to $299,865 for the Internal Revenue Service and $59,961 to the City of Columbus as of August 5, 2021.

We recommend the Academy ensure all tax payments are remitted in a timely manner to the appropriate taxing authority. The matter has been forwarded to the Auditor of State for further consideration.

Management's Response – See Corrective Action Plan

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS –(Continued)

FINDING NUMBER 2020-003

Noncompliance - Attendance Reporting

Average Daily Membership (ADM) is a material variable used to compute academy' funding, pursuant to Ohio Rev. Code Section 3317.022. Ohio Rev. Code Section 3317.03 defines ADM. Pursuant to Ohio Rev. Code Section 3317.03, the school superintendent shall report to the state board of education as of the last day of October, March and June of each year the enrollment of students receiving services from schools under the superintendent's supervision, and the number of other students entitled to attend school in the district under Ohio Rev. Code Section 3313.64 or 3313.65.

The counts are based on the annualized full-time equivalent (FTE) enrollment of each student. Academy will be able to continuously update this information, but must report actual FTE information by the last day of October, March and June. A student's FTE will be determined based on the individualized calendar/class schedule each student is assigned to for the school year and their enrollment and withdrawal dates.

Enrollment begins on the date on which the school has both received the documentation of the student's enrollment from a parent and the student has commenced learning opportunities offered by the Academy.

We noted that 8 students' attendance records were not available for review. We recommend the Academy maintain the mandatory student records to ensure that the students' attendance is properly recorded.

Management's Response - See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None

A PLUS ARTS ACADEMY
Schedule of Prior Audit Findings-Prepared by Management
2 CFR 200.511(b)
For the Year Ended June 30, 2020

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2019-001	Ohio Administrative Code (OAC) § 117-2-02(D) in part states that the local office should maintain adequate documentation to support the amounts recorded on its accounting ledger.	Not Corrected	See Corrective Action Plan

A+ ARTS ACADEMY
FRANKLIN COUNY

CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEAR ENDED JUNE 30, 2020

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2020-001	The current Treasurer has implemented procedures and controls that ensure all documentation related to expenditures is maintained according to state/federal law, board policy, and best practices.	Immediately	Joel McCloskey Current Treasurer
2020-002	Since being hired in August 2020, the current treasurer has ensured that all employee tax withholdings have been remitted in a timely manner.	Immediately	Joel McCloskey Current Treasurer
2020-003	The school will ensure that all student records including student attendance records are collected and stored according to state/federal law, school policy, and best practices.	Immediately	Joel McCloskey Current Treasurer

OHIO AUDITOR OF STATE
KEITH FABER

A+ ARTS ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 10/7/2021

88 East Broad Street, Columbus, Ohio 43215
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