



Dave Yost • Auditor of State



**WINGS ACADEMY 1  
(FORMERLY KNOWN AS HBCU PREPARATORY SCHOOL 1)  
CUYAHOGA COUNTY  
JUNE 30, 2017**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Wings Academy 1  
(Formerly known as HBCU Preparatory School 1)  
Cuyahoga County  
10615 Lamontier Avenue  
Cleveland, Ohio 44104

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Wings Academy 1, Cuyahoga, Ohio (the School), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wings Academy 1, Cuyahoga County as of June 30, 2017, and the changes in its 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 15 to the financial statements, the School has suffered recurring losses from operations and has a net deficiency. Note 15 also describes management's evaluation of the events and conditions and their plans to mitigate these matters. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2018, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 30, 2018

**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED**

The discussion and analysis of WINGS ACADEMY 1's (The School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the School for the fiscal year 2017 are as follows:

- Total assets and deferred outflows increased by \$197,486 or 42.26%.
- Total liabilities and deferred inflows of resources increased by \$301,465 or 26.72%.
- Total net position decreased by \$103,979 or 15.73%.
- Total operating revenues were \$962,161. Total operating expenses were \$1,219,970.

**USING THIS ANNUAL REPORT**

This report consists of three parts: the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how the School did financially during fiscal year 2017. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report the School's net position and changes in that net position. This change in net position is important because it tells the reader whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs, and other factors.

The School uses enterprise presentation for all of its activities.

**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

**STATEMENT OF NET POSITION**

The Statement of Net Position answers the question of how the School did financially during 2017. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School’s net position for fiscal years 2017 and 2016.

**Statement of Net Position | Table 1**

<b>Assets</b>	<u><b>2017</b></u>	<u><b>2016</b></u>
Current Assets	\$ 24,723	\$ 26,460
Capital Assets, Net of Depreciation	2,453	3,680
<b>Total Assets</b>	<u>27,176</u>	<u>30,140</u>
 <b>Deferred Outflows of Resources:</b>		
Pension	637,646	437,196
 <b>Liabilities:</b>		
Current Liabilities	86,445	131,133
Long-Term Liabilities	<u>1,339,978</u>	<u>947,370</u>
<b>Total Liabilities</b>	<u>1,426,423</u>	<u>1,078,503</u>
 <b>Deferred Inflows of Resources:</b>		
Pension	3,316	49,771
 <b>Net Position:</b>		
Net Investment in Capital Assets	2,453	3,680
Unrestricted	<u>(767,370)</u>	<u>(664,618)</u>
<b>Total Net Position</b>	<u><u>(764,917)</u></u>	<u><u>(660,938)</u></u>

The net pension liability (NPL) is the largest single liability reported by the school at June 30, 2017 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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



**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, the School's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows. As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

At June 30, 2017, the School's net position was a deficit of \$764,917 compared to a deficit of \$660,938 in 2016.

The School had accounts payable of \$15,148 and \$59,142 for fiscal years 2017 and 2016, respectively. This decrease in accounts payable is due principally to payments of the Ohio Department of Education liability recorded in the prior year for the fiscal year 2015 full-time equivalency review. The School also reported accrued wages and benefits of \$71,297 and \$71,671 for 2017 and 2016 respectively, for payroll and other benefits accrued for its employees.

**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Statement of Revenues, Expenses and Changes in Net Position**

Table 2 shows the changes in net position for fiscal years 2017 and 2016, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**Table 2 Change in Net Position**

	2017	2016
<b>Operating Revenue</b>		
State Aid	962,161	1,039,982
Total Operating Revenue	962,161	1,039,982
<b>Operating Expenses</b>		
Salaries	452,911	470,884
Fringe Benefits	303,940	171,529
Purchased Services	452,145	592,530
Materials and Supplies	9,747	15,642
Depreciation	1,227	1,472
Total Operating Expenses	1,219,970	1,252,057
Operating Loss	(257,809)	(212,075)
<b>Non-Operating Revenues and (Expenses)</b>		
Grants - Federal and State	146,670	208,976
Other Non-Operating Revenues	7,160	7,182
Total Non-Operating Revenues	153,830	216,158
Change in Net Position	(103,979)	4,083
Net Position Beginning of the Year	(660,938)	(665,021)
Net Position (Deficit) End of Year	<u>(764,917)</u>	<u>(660,938)</u>

Revenues generated by a community school are almost entirely dependent on per pupil allotment given by the State foundation and from grants from the United States Department of Education. The School received less in foundation revenue due to decreased student enrollment from 133 in 2016 to 123 in 2017.

The School received federal and state grant monies through, Title I, Title VI-B of \$146,670 in 2017 compared to \$208,976 in 2016.

The School's operating expenses decreased to \$1,219,970 from \$1,252,057 due to decreased staffing costs and purchased services in 2017. The decrease in expenses is a direct result of the decreased student enrollment in 2017. This decrease was somewhat offset by an increase of \$132,411 in fringe benefits due to pension expenses, and of GASB 68 accruals.

**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017  
UNAUDITED

**BUDGETING HIGHLIGHTS**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its sponsor.

The contract between the School and its Sponsor does prescribe a budgetary process. The School has developed a one-year spending plan and a five-year forecast that is reviewed semi-annually by the Board of Trustees. The five-year forecast is also submitted to the Sponsor and the Ohio Department of Education, annually.

**CAPITAL ASSETS**

The School has invested in capital assets, net of accumulated depreciation. Detailed information regarding capital asset activity is included in the Note 6 in the notes to the basic financial statements.

**DEBT OBLIGATIONS**

The balance of the School's loan from Wings Academy 2 (its sister school) was \$39,859 as of June 30, 2017, compared to \$61,859 in 2016.

The School also recorded a total of \$1,299,799 for pension liabilities (See Note 7 and 10).

**RESTRICTIONS AND OTHER LIMITATIONS**

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

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, please contact Mr. Jeffrey Foster, Treasurer, 10615 Lamontier Avenue. Cleveland, Ohio 44104 or e-mail at [jfoster@skodaminotti.com](mailto:jfoster@skodaminotti.com)

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**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2017

<b>Assets:</b>	
Current assets:	
Equity in pooled cash	
Cash . . . . .	\$ 50
Receivables:	
Accounts Receivable . . . . .	<u>24,673</u>
Total current assets . . . . .	<u>24,723</u>
Noncurrent assets:	
Depreciable capital assets, net . . . . .	<u>2,453</u>
Total assets . . . . .	<u>27,176</u>
<b>Deferred Outflows of Resources:</b>	
Pension . . . . .	<u>637,646</u>
Total Deferred Outflows of Resources. . . . .	<u>637,646</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable. . . . .	15,148
Accrued wages and benefits . . . . .	<u>71,297</u>
Total current liabilities . . . . .	<u>86,445</u>
Non-current liabilities:	
Long-Term Advances Payable . . . . .	40,179
Net Pension Liability . . . . .	<u>1,299,799</u>
Total non-current liabilities . . . . .	<u>1,339,978</u>
Total liabilities . . . . .	<u>1,426,423</u>
<b>Deferred Inflows of Resources:</b>	
Pension . . . . .	<u>3,316</u>
Total Deferred Inflows of Resources. . . . .	<u>3,316</u>
<b>Net Position:</b>	
Net Investment in Capital Assets . . . . .	2,453
Unrestricted (deficit) . . . . .	<u>(767,370)</u>
Total Net Position (Deficit) . . . . .	<u><u>\$ (764,917)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

<b>Operating revenues:</b>	
State foundation . . . . .	<u>\$ 962,161</u>
Total operating revenues . . . . .	<u>962,161</u>
<b>Operating expenses:</b>	
Salaries . . . . .	452,911
Fringe Benefits . . . . .	303,940
Purchased services . . . . .	452,145
Materials and supplies . . . . .	9,747
Depreciation . . . . .	<u>1,227</u>
Total operating expenses. . . . .	<u>1,219,970</u>
Operating loss . . . . .	<u>(257,809)</u>
<b>Non-operating revenues:</b>	
Federal and State grants. . . . .	146,670
Other Non-Operating Revenues . . . . .	<u>7,160</u>
Total non-operating revenues . . . . .	<u>153,830</u>
Change in net position . . . . .	(103,979)
<b>Net Position (Deficit) at beginning of year . . . . .</b>	<u>(660,938)</u>
<b>Net Position (deficit) at end of year . . . . .</b>	<u><u>\$ (764,917)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINGS ACADEMY 1  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017

<b>Cash flows from operating activities:</b>	
Cash received from state foundation . . . . .	\$ 962,161
Cash payments for purchased services - . . . . .	(496,139)
Cash payments for Employees . . . . .	(453,285)
Cash payments for Employee Benefits . . . . .	(161,230)
Cash payments for materials and supplies . . . . .	(9,747)
	(158,240)
<b>Net cash used in operating activities . . . . .</b>	
	<b>(158,240)</b>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from Federal and State grants . . . . .	146,670
Cash received from Non-Operating Sources . . . . .	7,160
	153,830
<b>Net cash provided by noncapital financing activities. . . . .</b>	
	<b>153,830</b>
<b>Cash flows from capital and related financing activities:</b>	
Cash Paid to Schools for Advances . . . . .	(22,000)
	(22,000)
<b>Net cash used in capital and related financing activities. . . . .</b>	
	<b>(22,000)</b>
Net increase (decrease) in cash and cash equivalents . . . . .	(26,410)
<b>Cash at beginning of year . . . . .</b>	<b>26,460</b>
<b>Cash at end of year. . . . .</b>	<b>\$ 50</b>
	<b>\$ 50</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss. . . . .	\$ (257,809)
Adjustments:	
Depreciation . . . . .	1,227
Changes in assets and liabilities:	
(Increase) in accounts receivable . . . . .	(24,673)
(Increase) in Deferred Outflows of Resources related to Pension . . . . .	(200,450)
(Decrease) in accounts payable . . . . .	(43,994)
(Decrease) in accrued wages and benefits . . . . .	(374)
(Decrease) in Deferred Inflows of Resources related to Pension . . . . .	(46,455)
Increase in pension obligation payable . . . . .	414,288
	414,288
<b>Net cash used in operating activities . . . . .</b>	<b>\$ (158,240)</b>
	<b>\$ (158,240)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**1. DESCRIPTION OF ENTITY**

Wings Academy 1 (The School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in third grade through the six-grade. The School, which was formerly known as HBCU Preparatory School 1, changed its name on May 2017, to Wings Academy 1. The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax-exempt organization in 2015. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax-exempt status by the U.S Internal Revenue Service (IRS).

The School, which is part of the State's education program, is independent of any School and is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School was approved for operation under a contract with Ohio State Board of Education. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or termination of the contract prior to its expiration.

The School signed a contract with Kids Count of Dayton Inc. to act as its sponsor.

The School operates under the direction of a five-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. BASIS OF PRESENTATION**

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The School uses a single enterprise presentation for its financial records. Enterprise fund reporting focuses on the determination of the changes in net position, financial position and cash flows.

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting.



**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

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

**C. BUDGETARY PROCESS**

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided for in the school's sponsorship agreement. The contract between the School and its Sponsor requires a budget to be adopted annually and be reviewed monthly. The Board also develops a five-year forecast which is reviewed semi-annually.

**D. CASH AND CASH EQUIVALENTS**

All monies received by the School are maintained in a demand deposit account. The School considers all short-term, highly liquid and investments with an initial maturity of 3 months or less to be cash equivalents. The School had no investments at June 30, 2017.

**E. ESTIMATES**

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

**F. CAPITAL ASSETS**

Fixed assets are capitalized at cost. The costs of additions are capitalized, while repair and maintenance costs are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from net position. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets. The useful lives follow:

<u>Asset</u>	<u>Useful Life</u>
Furniture, Equipment and Materials	5 years
Computers and Office Equipment	7 years

The School has an asset capitalization threshold policy of \$1,000. (See Note 6)

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. NET POSITION**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**H. ACCRUED LIABILITIES**

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. As of June 30, 2017, accounts payable was \$15,148.

**I. ACCRUED WAGES AND BENEFITS**

Accrued Wages and benefits represent the total wages and benefits already earned by employees as of June 30, 2017. The total accrued wages and benefits was \$71,297 at June 30, 2017.

**J. OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activities of the School. For the School, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenue and expenses not meeting this definition are reported as non-operating.

**K. ADVANCES TO/FROM SCHOOLS**

Wings Academy 1 and Wings Academy 2 are considered family schools. These schools have the same educational philosophy, methodology and provide continuity in the student's educational career, from the primary to the secondary buildings. Charter schools traditionally are underfunded and rely primarily on the state foundation, state, and federal grants to finance operations. From time to time, the schools experience cash flow shortages. These schools advance cash to each other to ensure there is sufficient cash to meet payroll and operational expenses. This activity is reported in the Statement of Net Position as Advances Payable for the School. These advances are considered collectible. (See Note 7)

**L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statement of financial position reports a separate section for the deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School, deferred inflows of resources is solely related to pension. Deferred inflows of resources related to pension are reported on the statement of net position (See Note 10).

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. PENSIONS**

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

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**3. CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2017, the School has implemented GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans", GASB Statement No. 80, "Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14" and GASB Statement No. 82, "Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73".

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the School.

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**4. CASH AND CASH EQUIVALENTS**

The School maintains its cash balances at one financial institution located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2017, the book amount of the School's deposit, which equaled the bank balance, was \$50.

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2017, none of the bank balances were exposed to custodial credit risk.

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**5. INTERGOVERNMENTAL AND ACCOUNTS RECEIVABLE**

Receivables at June 30, 2017, consisted of accounts receivable for federal grants, school foundation underpayments resulting from the Ohio Department of Education’s Full-Time Equivalency audits, and overpayments to the School Employee Retirement System of Ohio, and School Teachers Retirement System of Ohio (STRS). All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of accounts receivables follows:

Description	Amount
Idea-B Special Education Grant	\$ 11,783
Improving Teacher Quality Grant	2,602
Ohio Department of Education	4,503
School Employee Retirement System (SERS)	2,406
School Teachers Retirement System (STRS)	3,379
	\$ 24,673

**6. CAPITAL ASSETS**

Capital Assets activities for the fiscal year ended June 30, 2017 was as follows:

	Balance at 06/30/2016	Additions	Deletions	Balance at 06/30/2017
<b>Capital Assets Being Depreciated</b>				
Computer Equipment	\$ 55,989	\$ -	\$ -	\$ 55,989
Furniture and Appliances	5,867			5,867
<b>Total Capital Assets Being Depreciated</b>	61,856	-	-	61,856
<b>Less Accumulated Depreciation</b>				
Computer Equipment	(52,309)	(1,227)	-	(53,536)
Furniture and Appliances	(5,867)	-	-	(5,867)
<b>Total Accumulated Depreciation</b>	(58,176)	(1,227)	-	(59,403)
<b>Net Total Capital Assets</b>	3,680	(1,227)	-	2,453

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**7. LONG-TERM LIABILITIES**

Advances from Wings Academy 2, and all subsequent payments are approved by the School's administration with the Board and Sponsor acknowledgement.

The Advance from Ashe Culture Center was made by the School's former sponsor to cover payroll and other expenses in prior years. No payment was made in 2017.

The School also recorded long-term liabilities related to pension with its implementation of GASB 68.

The table below details the School's long-term liabilities for the fiscal year:

	<u>Balance at</u> <u>06/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>06/30/2017</u>
Advances Payable to Wings Academy 2	\$ 61,859		\$ 22,000	\$ 39,859
Ashe Culture Center	\$ 320	\$ -	\$ -	\$ 320
<b>Net Pension Liability:</b>				
STRS	600,731	339,921	-	940,652
SERS	284,780	74,367		359,147
Total Net Pension Liability	885,511	414,288	-	1,299,799
Total Long-Term Liability	<u>\$ 947,690</u>	<u>\$ 414,288</u>	<u>\$ 22,000</u>	<u>\$ 1,339,978</u>

**8. EDUCATIONAL FACILITY LEASE**

The School leased its former facility at the former Our Lady of Peace Parish in Cleveland, Ohio. The school's contract ended in June 2017. In fiscal year 2017, the School paid \$45,123 in rental and related occupancy payments and expenses to its former lessor.

Beginning in June 2017, the School leases now its facility with the Cathedral Church of God in Christ. The School signed a ten-year term lease agreement expiring on June 30, 2027, renewable up to four (4) consecutive five-year terms each. Under the terms of the lease, the School pays for each year of the initial term a total of \$108,000 per annum, payable in twelve monthly installments of nine thousand (\$9,000) each, with an initial payment of \$18,000 applicable to the first two months of the lease. Since the School shares this facility with its sister school (Wings Academy 2), the rent is shared between the schools. In fiscal year 2017, a total of \$6,300 of the initial lease payment was paid by the School. This amount, in addition to the rent paid to the previous lessor, is recorded and reflected in the Statement of Revenue, Expenses and Change in Fund Net Position as purchased services.

**9. RISK MANAGEMENT**

**A. PROPERTY & LIABILITY**

The School 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. For the fiscal year 2017, the School contracted with Philadelphia Insurance Companies for all of its insurance. In the past three years, the School did not have insurance claims that exceeded the policy.

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**9. RISK MANAGEMENT (CONTINUED)**

**B. WORKERS' COMPENSATION**

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

**C. EMPLOYEE BENEFITS**

The School provides medical benefits to most employees. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. The premium varies with employees depending on age, gender, and number of dependents.

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**10. DEFINED BENEFIT PENSION PLANS**

**A. NET PENSION LIABILITY**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services.

Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**A. NET PENSION LIABILITY (CONTINUED)**

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

**B. PLAN DESCRIPTION – SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)**

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

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers.

The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School’s contractually required contribution to SERS was \$17,733 for fiscal year 2017. The School paid 100% of the contractually required amount in 2017.

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**10. PENSION PLANS (CONTINUED)**

**C. PLAN DESCRIPTION – STATE TEACHERS RETIREMENT SYSTEM (STRS)**

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

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.



**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**10. PENSION PLANS (CONTINUED)**

**C. PLAN DESCRIPTION – STATE TEACHERS RETIREMENT SYSTEM (STRS)**

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School’s contractually required contribution to STRS was \$43,579 for fiscal year 2017. This amount was fully contributed in 2017.

**D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School’s proportion of the net pension liability was based on the School’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	0.0049070%	0.00281018%	
Proportion of the Net Pension Liability	\$ 359,147	\$ 940,652	\$ 1,299,799
Pension Expense	\$ 61,362	\$ 167,332	\$228,694

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)**

At June 30, 2016, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$4,797	\$38,007	\$42,804
Changes in Employer's Proportion Percentage and Difference between Contributions and Proportionate Share of Contributions	68,405	331,590	399,995
Net Differences between projected and actual earnings experience	31,460	78,100	109,560
Changes in assumptions	23,975	0	23,975
School's contributions subsequent to the measurement date	17,733	43,579	61,312
Total Deferred Outflows of Resources	<u>\$146,370</u>	<u>\$491,276</u>	<u>\$637,646</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$3,316	\$0	\$3,316
Total Deferred Inflows of Resources	<u>\$3,316</u>	<u>\$0</u>	<u>\$3,316</u>

\$61,312 was reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$36,753	\$116,878	\$153,631
2019	36,734	116,878	153,612
2020	37,012	146,844	183,856
2021	14,822	67,097	81,919
Total	<u>\$125,321</u>	<u>\$447,697</u>	<u>\$573,018</u>

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**E. ACTUARIAL ASSUMPTIONS - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

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

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**E. ACTUARIAL ASSUMPTIONS – SERS (CONTINUED)**

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

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

***Discount Rate***

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

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

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$475,788	\$359,147	\$261,765

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. ACTUARIAL ASSUMPTIONS – STRS**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuations are based on the results of an actuarial experience study, effective July 1, 2012.

The 10-year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**10. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**F. ACTUARIAL ASSUMPTIONS – STRS (CONTINUED)**

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

The following table presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease █ (6.75%)	Current Discount Rate █ (7.75%)	1% Increase █ (8.75%)
School District's proportionate share of the net pension liability	\$1,250,050	\$940,652	\$679,656

***Changes Between Measurement Date and Report Date*** In March 2017, the STRS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of July 1, 2017. The most significant change is a reduction in the discount rate from 7.75% from 7.45%. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School' NPL is expected to be significant.

**11. POSTEMPLOYMENT BENEFITS**

**A. SCHOOL EMPLOYEE RETIREMENT SYSTEMS (SERS)**

Health Care Plan Description - The School contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**11. POSTEMPLOYMENT BENEFITS**

**A. SCHOOL EMPLOYEE RETIREMENT SYSTEMS (SERS)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the School's surcharge obligation was \$2,567.

The School's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$2,567, \$2,685 and \$2,336, respectively. The full amount has been contributed for fiscal years 2017, 2016 and 2015.

**B. STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

Plan Description – The School participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board 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. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year ending June 30, 2017 and June 30, 2016, STRS did not allocate any employer contributions to post-employment health care. The School did not make any contributions for health care for fiscal years ended June 20, 2017, 2016, and 2015.

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**12. CONTINGENCIES**

**A. GRANTS**

The School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor. Any disallowed costs may require refunding to the grantor. Other amounts which may be disallowed, if any, are not presently determinable. In the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

**WINGS ACADEMY 1**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**12. CONTINGENCIES (CONTINUED)**

**B. FULL-TIME EQUIVALENCY**

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017.

As of the date of this report, all ODE adjustments through fiscal year 2017 have been completed.

In addition, the School's contract with its sponsor require payments based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2017 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

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**13. SPONSORSHIP- KIDS COUNT OF DAYTON, INC.**

The School contracted with Kids Count of Dayton, Inc. as its sponsor and oversight services as required by law. The School pays the Sponsor three percent of State Aid. Sponsorship fees are calculated as three percent of state funds received by the School from the State of Ohio. For the fiscal year ended June 30, 2017, sponsorship fees totaled \$27,983.

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**14. PURCHASED SERVICES**

For the period of July 1, 2016 through June 30, 2017, the School made the following purchase service commitments. These commitments included sponsor fees, treasurer services, management and CCIP fees, transportation, student services, etc...

<u>Description</u>	<u>Amount</u>
Professional and Technical Services	\$ 122,737
Occupancy	108,544
Sponsorship Fees	27,983
Food Services	64,302
Other Contract Services	128,579
Total Purchased Services	<u>\$ 452,145</u>

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**15. FISCAL DISTRESS**

As of June 30, 2017, the School had a deficit of \$764,917. The School's administration and Board have instituted budgetary constraints which ensure discretionary expenditures remain with annual resources. The School is attempting to reduce its expenditures in order to maintain solvency. The School shares school facilities with its sister school, Wings Academy 2. The lease, utilities, and other occupancy costs have been reallocated, between both schools, to decrease the overall expenditures for the School.



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

	2016	2015	2014	2013
Total plan pension liability	\$ 19,770,708,121	\$ 18,503,280,961	\$ 17,881,827,171	\$ 17,247,161,078
Plan net position	12,451,630,823	12,797,184,030	12,820,884,107	11,300,482,029
Net pension liability	7,319,077,298	5,706,096,931	5,060,943,064	5,946,679,049
School's Proportion of the Net Pension Liability	0.0049070%	0.0049908%	0.0045250%	0.0045250%
School's Proportionate Share of the Net Pension Liability	\$ 359,147	\$ 284,780	\$ 229,008	\$ 269,088
School's Covered-Employee Payroll	152,396	\$ 159,598	\$ 132,828	\$ 73,258
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.67%	178.44%	172.41%	367.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 100,756,422,489	\$ 99,014,653,744	\$ 96,167,057,104	\$ 94,366,693,720
Plan net position	<u>67,283,408,184</u>	<u>71,377,578,736</u>	<u>71,843,596,331</u>	<u>65,392,746,348</u>
Net pension liability	33,473,014,305	27,637,075,008	24,323,460,773	28,973,947,372
School's Proportion of the Net Pension Liability	0.00281018%	0.00217364%	0.00166108%	0.00166108%
School's Proportionate Share of the Net Pension Liability	\$ 940,652	\$ 600,731	\$ 404,032	\$ 481,280
School's Covered-Employee Payroll	\$ 295,686	\$ 200,686	\$ 182,769	\$ 121,354
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	318.13%	299.34%	221.06%	396.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2013 is not available

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

**WINGS ACADEMY 1**  
*Required Supplementary Information*  
 Schedule of the School's Contributions  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contributions	\$ 17,733	\$ 21,335	\$ 21,035	\$ 18,410	\$ 10,139	\$ 10,783	\$ 14,706	\$ 6,522	\$ 7,206	(1)
Contributions in Relation to the Contractually Required Contributions	<u>(17,733)</u>	<u>(21,335)</u>	<u>(21,035)</u>	<u>(18,410)</u>	<u>(10,139)</u>	<u>(10,783)</u>	<u>(14,706)</u>	<u>(6,522)</u>	<u>(7,206)</u>	<u>(1)</u>
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	
School Covered-Employee Payroll	126,664	152,396	159,598	132,828	73,258	80,164	116,993	48,168	73,231	(1)
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	(1)

(1) Information Not Available

**WINGS ACADEMY 1**  
*Required Supplementary Information*  
 Schedule of the School's Contributions  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contributions	\$ 43,579	\$ 41,396	\$ 28,096	\$ 23,760	\$ 15,776	\$ 27,289	\$ 26,358	\$ 23,201	\$ 7,848	(1)
Contributions in Relation to the Contractually Required Contributions	<u>(43,579)</u>	<u>(41,396)</u>	<u>(28,096)</u>	<u>(23,760)</u>	<u>(15,776)</u>	<u>(27,289)</u>	<u>(26,358)</u>	<u>(23,201)</u>	<u>(7,848)</u>	<u>(1)</u>
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	
School Covered-Employee Payroll	311,279	295,686	200,686	182,769	121,354	209,915	202,754	178,469	60,369	(1)
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	(1)

(1) Information Not Available

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Wings Academy 1  
(Formerly known as HBCU Preparatory School 1)  
Cuyahoga County  
10615 Lamontier Avenue  
Cleveland, Ohio 44104

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Wings Academy 1, Cuyahoga, (the School) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated April 30, 2018, wherein we noted the School has suffered recurring losses from operations and has a net deficiency.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 2017-001 to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

### ***School's Response to Findings***

The School's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the School's response and, accordingly, we express no opinion on it.

### ***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

April 30, 2018



**WINGS ACADEMY 1  
(FORMERLY KNOWN AS HBCU PREPARATORY SCHOOL 1)  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**1. Segregation of Duties**

<i>Finding Number</i>	2017-001
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**MATERIAL WEAKNESS**

Proper segregation of duties is an important defense against error and fraud in all institutions. Record keeping duties, authorizing duties, asset-custody duties, and reconciling duties should not be controlled by one person. When there is no segregation of duties, the chance that an employee can manipulate processes from start to finish increases greatly. Due to the size of the staff at the School, there is little segregation of duties.

Currently the following overlapping duties constitute a material weakness in controls:

- The Chief Administration Officer is responsible for requesting new bank accounts, authorizing bank accounts, is the authorized signatory, and performs the reconciliations of bank accounts to the accounting system;
- The Chief Administration Officer is the person approving and making modifications to employee payroll master files, she also approves payroll, distributes checks, and reviews and approves final payroll reports; and
- There is no person in charge of tracking capital assets or reconciling capital asset information to the School's accounting system.

We recommend the School establish procedures to ensure the person authorizing transactions is not the person recording transactions or reconciling transactions to the accounting system. We recommend the Board perform monitoring over payroll and expenditures by reviewing each pay period report and all expenditures prior to payments being made.

**Official's Response:**

The School has contracted with a new Treasurer with established procedures to ensure the personnel authorizing transactions are not the person recording transactions or reconciling transactions to the accounting system. The new Treasurer will monitor payroll and expenditures by reviewing each pay period report and all expenditures prior to payments being made and report accordingly to the Board.

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Wings Academy 1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	<p><b>The School was unable to provide adequate supporting documentation related to Capital Assets. It was noted that several transactions were not posted to the ledgers correctly.</b></p>	<p>Partially Corrected</p>	<p>The School has contracted with a new Treasurer in fiscal year 2018. The new Treasurer has since purchased capital asset software and designed and implemented processes and procedures to ensure accurate accounting ledger postings.</p>
2016-002	<p><b>The School did not have a monitoring system or segregation of duties in place to ensure the accuracy information reported in the financial system</b></p>	<p>Not corrected</p>	<p>The School contracted with a new Treasurer in fiscal year 2018. The new Treasurer has developed and implemented new procedures and policies to ensure proper monitoring and segregation of duties occurs.</p>

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# Dave Yost • Auditor of State

**WINGS ACADEMY 1**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 15, 2018**