A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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

OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Report of Independent Auditors* of the A+ Arts Academy, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2017 through June 30, 2018. 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

April 3, 2019

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A+ ARTS ACADEMY
FRANKLIN COUNTY
AUDIT REPORT
For the year ended June 30, 2018

Table of Contents

A+ ARTS ACADEMY
FRANKLIN COUNTY
AUDIT REPORT
For the year ended June 30, 2018

Table of Contents- (continued)

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

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, 2018, 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, 2018, 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 14 to the financial statements, during the year ended June 30, 2018, the Academy adopted new guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 that the management's discussion and analysis and schedules of net pension 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 and Other 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 Federal Awards Expenditures 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 February 15, 2019 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.
February 15, 2019

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, 2018. 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 2018 are as follows:

- Net Position of the Academy was negative $3,565,929 at fiscal year-end, an increase of $1,512,883 in comparison with the prior fiscal year-end.

- Total assets decreased $153,564 and total liabilities decreased $2,385,496 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 2018 compared to those reported for fiscal year 2017.

Table 1
Net Position

	2018	Restated 2017
Assets:		
Current Assets	$ 268,582	$ 618,189
Capital Assets	2,129,160	1,933,117
Total Assets	2,397,742	2,551,306
Deferred Outflows of Resources:		
Pensions	3,993,241	4,337,022
OPEB	136,348	15,567
Total Deferred Outflows of Resources	4,129,589	4,352,589
Liabilities:		
Current liabilities	939,045	597,478
Noncurrent liabilities	8,658,166	11,385,229
Total Liabilities	9,597,211	11,982,707
Deferred Inflows of Resources:		
Pensions	302,114	-
OPEB	193,935	-
Total Deferred Inflows of Resources	496,049	-
Net Position:		
Net Investment in Capital Assets	1,535,600	1,185,616
Restricted	71,269	68,365
Unrestricted	(5,172,798)	(6,332,793)
Total Net Position	$ (3,565,929)	$ (5,078,812)

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Academy adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

As a result of implementing GASB 75, the Academy is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from negative $3,236,328 to negative $5,078,812.

The net pension and net OPEB liabilities both decreased significantly in comparison with the prior fiscal year-end. These decreases are primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments.

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

Table 2

Change in Net Position

	2018	2017
Operating Revenues:		
State Foundation	$ 4,381,137	$ 4,172,099
Tuition and Fees	14,597	7,177
Extracurricular	21,060	34,481
Other	61,007	58,007
Total Revenues	4,477,801	4,271,764
Operating Expenses:		
Personal Services	2,629,675	5,048,487
Purchased Services	1,615,726	1,246,619
Materials and Supplies	462,746	369,901
Depreciation	82,093	75,902
Other	83,513	228,133
Total Operating Expenses	4,873,753	6,969,042
Non-Operating Revenues/(Expenses):		
Restricted Federal and State Grants	1,791,104	1,575,955
Other Unrestricted State Grants	155,526	154,061
Donations	2,545	4,204
Interest Payments	(40,340)	(37,982)
Total Non-Operating Revenues/(Expenses)	1,908,835	1,696,238
Change in Net Position	1,512,883	(1,001,040)
Net Position Beginning of Year	(5,078,812)	N/A
Net Position End of Year	$ (3,565,929)	$ (5,078,812)

State Foundation and Restricted Federal and State Grants both increased significantly due to an increase in enrollment from 610 students in fiscal year 2017 to 632 students in fiscal year 2018.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $15,567 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $171,796. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 operating expenses under GASB 75	$	4,873,753
Negative pension expense under GASB 75		171,796
2018 contractually required contribution		13,845
Adjusted 2018 operating expenses		5,059,394
Total 2017 operating expenses under GASB 45		6,969,042
Decrease in operating expenses not related to OPEB	$	(1,909,648)

This decrease in operating expenses is primarily the result of a significant decrease in pension expense from $1,519,075 in fiscal year 2017 to negative $1,094,489 in fiscal year 2018. This decrease is primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments.

Capital Assets Administration

As of fiscal-year end, the Academy had $2.1 million invested in capital assets, an increase of $196,043 in comparison with the prior fiscal year. This increase represents the amount in which current year acquisitions ($278,136) exceeded current year depreciation ($82,093). See Note 5 for more information.

Debt Administration

As of fiscal year-end, the Academy had $593,560 in outstanding mortgage loans, a decrease of $153,941 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 Candace Wyant, Treasurer, A+ Arts Academy, 2633 Maybury Road, Columbus, Ohio 43232.

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A+ ARTS ACADEMY
FRANKLIN COUNTY, OHIO

STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

Assets:	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$ 208,057
Intergovernmental Receivable	39,227
Prepaid items	21,298
Total Current Assets	268,582
Noncurrent Assets	
Nondepreciable Capital Assets	147,642
Depreciable Capital Assets, Net	1,981,518
Total Noncurrent Assets	2,129,160
Total Assets	2,397,742
Deferred Outflows of Resources:	
Pension	3,993,241
OPEB	136,348
Total Deferred Outflows of Resources	4,129,589
Liabilities:	
Current Liabilities	
Accounts Payable	269,691
Accrued Wages and Benefits	436,634
Intergovernmental Payable	77,408
Mortgage Loan Payable	126,670
Compensated Absences	28,642
Total Current Liabilities	939,045
Long-Term Liabilities:	
Compensated Absences	11,538
Mortgage Loan Payable	466,890
Net Pension Liability	6,580,482
Net OPEB Liability	1,599,256
Total Noncurrent Liabilities	8,658,166
Total Liabilities	9,597,211
Deferred Inflows of Resources:	
Pension	302,114
OPEB	193,935
Total Deferred Inflows of Resources	496,049
Net Position:	
Net Investment in Capital Assets	1,535,600
Restricted for:	
Food Service Program	63,866
Federally Funded Programs	7,057
Other Purposes	346
Unrestricted	(5,172,798)
Total Net Position	$ (3,565,929)

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, 2018

Operating Revenues:	
State Foundation	$ 4,381,137
Tuition and Fees	14,597
Extracurricular	21,060
Other	61,007
Total Operating Revenues	4,477,801
Operating Expenses:	
Salaries and Wages	3,406,012
Fringe Benefits	(776,337)
Purchased Services	1,615,726
Materials and Supplies	462,746
Depreciation	82,093
Other	83,513
Total Operating Expenses	4,873,753
Operating Loss	(395,952)
Non-Operating Revenues/(Expenses):	
Restricted Federal and State Grants	1,791,104
Other Unrestricted State Grants	155,526
Donations	2,545
Interest Payments	(40,340)
Total Non-Operating Revenues/(Expenses)	1,908,835
Change in Net Position	1,512,883
Net Position Beginning of Year, Restated	(5,078,812)
Net Position End of Year	$ (3,565,929)

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, 2018

Cash Flows From Operating Activities	
Cash Received from State Foundation	$ 4,403,858
Cash Received from Tuition and Fees	14,597
Cash Received from Extracurricular	21,060
Cash Received from Other	61,007
Cash Payments for Salaries and Wages	(3,413,717)
Cash Payments for Fringe Benefits	(975,915)
Cash Payments for Purchased Services	(1,443,053)
Cash Payments for Materials and Supplies	(423,772)
Cash Payments for Other	(90,447)
Net Cash Used by Operating Activities	(1,846,382)
Cash Flows From Noncapital Financing Activities	
Cash Received from Federal and State Grants	2,046,806
Cash Received from Donations and Contributions	2,545
Net Cash Provided by Noncapital Financing Activities	2,049,351
Cash Flows From Capital and Related Financing Activities	
Principal Retirement	(153,941)
Interest and Fiscal Charges	(40,340)
Acquisition of Capital Assets	(258,321)
Net Cash Used by Capital and Related Financing Activities	(452,602)
Net Decrease in Cash and Cash Equivalents	(249,633)
Cash and Cash Equivalents at Beginning of Year	457,690
Cash and Cash Equivalents at End of Year	$ 208,057

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, 2018

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$	(395,952)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation		82,093
Change in Assets and Liabilities:		
Intergovernmental Receivable		16,270
Prepaid Items		(16,472)
Accounts Payable		227,899
Accrued Wages		57,927
Net Pension Liability and Related Deferred Inflows/Outflows		(1,583,412)
Net OPEB Liability and Related Deferred Inflows/Outflows		(185,641)
Intergovernmental Payable		11,644
Compensated Absences Payable		(60,738)
Net Cash Used by Operating Activities	$	(1,846,382)

Schedule of Noncash Transactions:
Capital assets totaling $19,815 were recorded as accounts payable at fiscal year-end.

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 44 non-certified staff members and 49 certified full time teaching personnel who provide services to 632 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 "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 expended 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 totaled $208,057, and the bank balance totaled $221,913. All of the Academy's 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, totaled $39,227. All intergovernmental receivables are considered collectible within one year.

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

Capital Assets:	**Beginning Balance**	**Additions**	**Deletions**	**Ending Balance**
Capital assets, not being depreciated:				
Land	$ 147,642	$ -	$ -	$ 147,642
Construction in Progress	5,450	261,740	(267,190)	-
Total capital assets, not being depreciated	153,092	261,740	(267,190)	147,642
Capital assets, being depreciated:				
Land Improvements	44,217	-	-	44,217
Buildings and Building Improvements	1,814,408	274,599	-	2,089,007
Furniture and Equipment	438,262	8,987	-	447,249
Total capital assets, being depreciated	2,296,887	283,586	-	2,580,473
Less Accumulated Deprciation:				
Land Improvements	(13,217)	(2,653)	-	(15,870)
Buildings and Building Improvements	(224,677)	(43,801)	-	(268,478)
Furniture and Equipment	(278,968)	(35,639)	-	(314,607)
Total accumulated depreciation	(516,862)	(82,093)	-	(598,955)
Depreciable Capital Assets, Net	1,780,025	201,493	-	1,981,518
Total Capital Assets, Net	$ 1,933,117	$ 463,233	$ (267,190)	$ 2,129,160

Construction in Progress of $5,450 was reclassified from prior year.

Note 6 – Long-Term Obligations

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

	Restated Beginning Balance	**Additions**	**Reductions**	**Ending Balance**	**Due Within One Year**
2006 Mortgage loan payable	$ 544,269	$ -	$ (72,726)	$ 471,543	$ 60,250
2015 Mortgage loan payable	203,232	-	(81,215)	122,017	66,420
Total Loans Payable	747,501	-	(153,941)	593,560	126,670
Net Pension Liability	8,809,789	-	(2,229,307)	6,580,482	-
Net OPEB Liability	1,858,051	-	(258,795)	1,599,256	-
Compensated Absences	100,918	94,670	(155,408)	40,180	28,642
Total Long-term Liabilities	$ 9,658,208	$ 94,670	$ (2,538,656)	$ 7,214,222	$ 155,312

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.

Compensation Related Liabilities: The Academy pays obligations related to employee compensation from the fund benefitting from their service.

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

Fiscal Year Ended	Principal	Interest	Total
2019	$ 126,671	$ 24,972	$ 151,643
2020	124,571	20,483	145,054
2021	72,605	15,686	88,291
2022	76,372	11,918	88,290
2023	80,335	7,955	88,290
2024-2025	113,006	4,094	117,100
Total	$ 593,560	$ 85,108	$ 678,668

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 $147,635 in sponsorship fee services under this agreement.

Note 8 - Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description – School Employees Retirement System (SERS)

Plan Description – Academy 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 under Employers/Audit Resources.

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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 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, 2018, the allocation to pension, death benefits, and Medicare B was 13.50 percent and .50 percent was allocated to the Health Care Fund.

The Academy's contractually required pension contribution to SERS was $120,913 for fiscal year 2018. The entire amount was paid during the fiscal year.

Plan Description - State Teachers Retirement System (STRS)

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

Note 8 - Defined Benefit Pension Plans (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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, 2018, 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 2018 contribution rates were equal to the statutory maximum rates.

Note 8 - Defined Benefit Pension Plans (Continued)

The Academy's contractually required contribution to STRS was $368,010 for fiscal year 2018. Of this amount, $54,361 is reported as intergovernmental payable.

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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy'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:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$1,797,196	$4,783,286	$6,580,482
Proportion of the Net Pension Liability- Current Measurement Date	0.0300797%	0.02013573%	
Proportion of the Net Pension Liability- Prior Measurement Date	0.0263855%	0.02054973%	
Change in Proportionate Share	0.0036942%	-0.00041400%	
Pension Expense	$178,555	($1,273,044)	($1,094,489)

Note 8 - Defined Benefit Pension Plans (Continued)

At June 30, 2018, 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	$ 77,345	$ 184,708	$ 262,053
Changes of assumptions	92,934	1,046,157	1,139,091
Changes in proportion and differences between Academy contributions and proportionate share of contributions	463,391	1,639,783	2,103,174
Academy contributions subsequent to the measurement date	120,913	368,010	488,923
Total Deferred Outflows of Resources	$ 754,583	$ 3,238,658	$ 3,993,241
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 38,550	$ 38,550
Net difference between projected and actual earnings on pension plan investments	8,531	157,855	166,386
Changes in proportion and differences between Academy contributions and proportionate share of contributions	-	97,178	97,178
Total Deferred Inflows of Resources	$ 8,531	$ 293,583	$ 302,114

$488,923 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 year ending June 30, 2019. 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:			
2019	$318,420	$800,274	$1,118,694
2020	275,827	1,457,467	1,733,294
2021	72,786	260,052	332,838
2022	(41,894)	59,272	17,378
Total	$625,139	$2,577,065	$3,202,204

Note 8 - Defined Benefit Pension Plans (Continued)

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, 2017, are presented below:

Wage Inflation	3.0 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

Mortality rates were based on the 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 were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

Note 8 - Defined Benefit Pension Plans (Continued)

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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	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	100.00 %	

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 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 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.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's proportionate share of the net pension liability	$2,494,040	$1,797,196	$1,213,446

Note 8 - Defined Benefit Pension Plans (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0 percent effective July 1, 2017

Mortality rates were 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. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The target allocation and best estimates of geometric real rates 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 %	

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

Note 8 - Defined Benefit Pension Plans (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. 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. 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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Academy's proportionate share of the net pension liability 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 rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	$6,856,677	$4,783,286	$3,036,764

Changes Between Measurement Date and Report Date The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, 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% 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.

Benefit Term Changes Since the Prior Measurement Date Effective July 1, 2017, the Cost of Living Adjustment was reduced to zero.

Note 9 - Defined Benefit OPEB Plans

Net OPEB Liability

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

The net OPEB liability represents the Academy's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability 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 these estimates 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 OPEB are financed; however, the Academy does receive the benefit of employees' services in exchange for compensation including OPEB.

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

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

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.

Note 9 - Defined Benefit OPEB Plans (Continued)

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 fiscal year 2018, .5 percent of covered payroll was made 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 2018, this amount was $23,700. 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 2018, the Academy's surcharge obligation was $9,367. The surcharge, added to the allocated portion of the 14 percent employer contribution rate, is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $13,845 for fiscal year 2018. Of this amount, $9,660 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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, 2018, STRS did not allocate any employer contributions to post-employment health care.

Note 9 - Defined Benefit OPEB Plans (Continued)

Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Current Measurement Date	0.0303172%	0.02013573%	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.0266297%	0.02054973%	
Change in Proportionate Share	0.0036875%	-0.00041400%	
Proportionate Share of the Net OPEB Liability	$813,634	$785,622	$1,599,256
OPEB Expense	$72,362	($244,158)	($171,796)

At June 30, 2018, 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	$ -	$ 45,351	$ 45,351
Change in proportionate share	77,152	-	77,152
Academy contributions subsequent to the			
measurement date	13,845	-	13,845
Total Deferred Outflows of Resources	$ 90,997	$ 45,351	$ 136,348
Deferred Inflows of Resources			
Changes of assumptions	$ 77,210	$ 63,284	$ 140,494
Change in proportionate share	-	17,713	17,713
Net difference between projected and			
actual earnings on OPEB plan investments	2,149	33,579	35,728
Total Deferred Inflows of Resources	$ 79,359	$ 114,576	$ 193,935

$13,845 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

Note 9 - Defined Benefit OPEB Plans (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($557)	($17,306)	($17,863)
2020	(557)	(17,306)	(17,863)
2021	(555)	(17,306)	(17,861)
2022	(538)	(17,307)	(17,845)
Total	($2,207)	($69,225)	($71,432)

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, 2017, are presented below:

Wage 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 investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 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 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 timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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 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	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of 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, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Note 9 - Defined Benefit OPEB Plans (Continued)

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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Academy's proportionate share of the net OPEB liability	$982,567	$813,634	$679,796

	1% Decrease (6.5% decreasing to 4.0 percent)	Current Trend Rate (7.5% decreasing to 5.0 percent)	1% Increase (8.5% decreasing to 6.0 percent)
Academy's proportionate share of the net OPEB liability	$660,203	$813,634	$1,016,703

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, 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
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

Note 9 - Defined Benefit OPEB Plans (Continued)

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Also, since the prior measurement date, 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. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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

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

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

Note 9 - Defined Benefit OPEB Plans (Continued)

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Academy's proportionate share of the net OPEB liability	$1,054,685	$785,622	$572,974

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	$545,816	$785,622	$1,101,234

Note 10 – 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 11 – 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 2018 and determined the Academy was underpaid by $21,082. This amount is reported as intergovernmental receivable on the statement of net position.

Note 12 – Purchased Services

For the fiscal year ended June 30, 2018, purchased services disbursements were as follows:

Professional & Technical Services	$ 629,622
Property Services & Rentals	294,197
Meeting Expenses	34,562
Postage, Advertising and Printing	57,775
Utilities	132,187
Pupil Transportation	7,692
Tuition	8,838
Contracted Food Services	450,853
Total	$ 1,615,726

Note 13 – 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	5,776,968	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 14 – Change in Accounting Principles

For fiscal year 2018, the Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and related guidance from GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Academy's fiscal year 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	$ (3,236,328)
Adjustments:	
Net OPEB Liability	(1,858,051)
Deferred Outflow- Payments Subsequent to Measurement Date	15,567
Restated Net Position June 30, 2017	$ (5,078,812)

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Other GASB Statements implemented in fiscal year 2018 are as follows:

GASB Statement No. 81 "Irrevocable Split-Interest Agreements" improves financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of this statement did not have an effect on the financial statements of the Academy.

GASB Statement No. 86 "Certain Debt Extinguishment Issues" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of this statement did not have an effect on the financial statements of the Academy.

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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 FIVE FISCAL YEARS (1)

	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.0300797%	0.0263855%	0.0176249%	0.013869%	0.013869%
Academy's Proportionate Share of the Net Pension Liability	$ 1,797,196	$ 1,931,175	$ 1,005,694	$ 701,902	$ 824,745
Academy's Covered Payroll	$ 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	182.84%	230.36%	185.46%	173.45%	192.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 FIVE FISCAL YEARS (1)

	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.02013573%	0.02054973%	0.01356099%	0.009695%	0.009695%
Academy's Proportionate Share of the Net Pension Liability	$ 4,783,286	$ 6,878,614	$ 3,747,891	$ 2,358,099	$ 2,808,952
Academy's Covered Payroll	$ 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	222.30%	303.35%	251.26%	217.86%	289.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 PENSIONCONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually Required Contribution	$ 120,913	$ 137,612	$ 117,365	$ 71,473
Contributions in relation to the contractually required contribution	$ 120,913	$ 137,612	$ 117,365	$ 71,473
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 895,654	$ 982,947	$ 838,321	$ 542,282
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$ 56,087	$ 59,295	$ 44,420	$ 37,210	$ 28,192	$ 11,625
$ 56,087	$ 59,295	$ 44,420	$ 37,210	$ 28,192	$ 11,625
$ -	$ -	$ -	$ -	$ -	$ -
$ 404,667	$ 428,432	$ 330,260	$ 296,022	$ 208,213	$ 118,140
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF ACADEMY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually Required Contribution	$ 368,010	$ 301,238	$ 317,456	$ 208,826
Contributions in relation to the contractually required contribution	$ 368,010	$ 301,238	$ 317,456	$ 208,826
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 2,628,643	$ 2,151,697	$ 2,267,546	$ 1,491,615
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$ 140,709	$ 126,141	$ 121,971	$ 105,412	$ 66,413	$ 64,542
$ 140,709	$ 126,141	$ 121,971	$ 105,412	$ 66,413	$ 64,542
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,082,381	$ 970,318	$ 938,239	$ 810,862	$ 510,869	$ 496,477
13.00%	13.00%	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 TWO FISCAL YEARS (1)

	2018	2017
Academy's Proportion of the Net OPEB Liability	0.03031720%	0.02662970%
Academy's Proportionate Share of the Net OPEB Liability	$ 813,634	$ 759,046
Academy's Covered Payroll	$ 982,947	$ 838,321
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	82.77%	90.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TWO FISCAL YEARS (1)

	2018	2017
Academy's Proportion of the Net OPEB Liability	0.02013573%	0.02054973%
Academy's Proportionate Share of the Net OPEB Liability	$ 785,622	$ 1,099,005
Academy's Covered Payroll	$ 2,151,697	$ 2,267,546
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.51%	48.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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

	2018	2017	2016	2015
Contractually Required Contribution (1)	$ 13,845	$ 15,567	$ 27,086	$ 15,059
Contributions in Relation to the Contractually Required Contribution	$ 13,845	$ 15,567	$ 27,086	$ 15,059
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 895,654	$ 982,947	$ 838,321	$ 542,282
OPEB Contributions as a Percentage of Covered Payroll (1)	1.55%	1.58%	3.23%	2.78%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

2014		2013		2012		2011		2010		2009	
$	11,214	$	7,699	$	5,755	$	8,320	$	3,576	$	7,363
$	11,214	$	7,699	$	5,755	$	8,320	$	3,576	$	7,363
$	-	$	-	$	-	$	-	$	-	$	-
$	404,667	$	428,432	$	330,260	$	296,022	$	208,213	$	118,140
	2.77%		1.80%		1.74%		2.81%		1.72%		6.23%

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Academy's Covered Payroll	$ 2,628,643	$ 2,151,697	$ 2,267,546	$ 1,491,615
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$ 10,824	$ 9,703	$ 7,950	$ 8,109	$ 5,109	$ 4,965
$ 10,824	$ 9,703	$ 7,950	$ 8,109	$ 5,109	$ 4,965
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,082,381	$ 970,318	$ 938,239	$ 62,377	$ 39,300	$ 38,192
1.00%	1.00%	0.85%	13.00%	13.00%	13.00%

Net Pension Liability

School Employees Retirement System

Changes in benefit terms:

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in assumptions:

There were no changes in methods and assumptions used in the calculation of actuarially determined contributions for fiscal year 2018.

State Teachers Retirement System

Changes in benefit terms:

For fiscal year 2018, the COLA was reduced to zero.

Changes in assumptions:

For fiscal year 2018, the STRS Board adopted several assumption changes, including changes to:

- Inflation assumption lowered from 2.75% to 2.50%;
- Investment return assumption lowered from 7.75% to 7.45%;
- Total salary increases rates lowered by decreasing merit component of the individual salary increases, as well as by 0.25% due to lower inflation;
- Payroll growth assumption lowered to 3.00%;
- Updated the healthy and disabled mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016; and
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Net OPEB Liability

School Employees Retirement System

Changes in Assumptions:

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

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan invesment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

State Teachers Retirement System

Changes in Assumptions:

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

Also 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.

A+ ARTS ACADEMY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

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	$ 141,610
National School Lunch Program	10.555	280,476
Total Nutrition Cluster		422,086
Fruit and Vegetable Grant	10.582	18,866
Total U.S. Department of Agriculture		440,952
U.S. DEPARTMENT OF EDUCATION		
Passed Through the Ohio Department of Education:		
Speical Education Cluster:		
Special Education - Grants to States - 2017	84.027	115,281
Special Education - Grants to States - 2018	84.027	143,187
Total Special Education Cluster		258,468
Title I Grants to Local Educational Agencies - 2018	84.010	534,116
Improving Teacher Quality Grant Program - 2017	84.367	50,519
Improving Teacher Quality Grant Program - 2018	84.367	112,002
Total Improving Teacher Quality Grant Programs		162,521
Total U.S. Department of Education		$955,105
Total Federal Financial Assistance		**$ 1,396,057**

The accompanying notes to this schedule are an integral part of this schedule.

A+ ARTS ACADEMY
FRANKLIN COUNTY

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Expenditures Schedule (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, 2018. 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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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, 2018, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated February 15, 2019. We noted the Academy adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated February 15, 2019.

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.
February 15, 2019

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR PROGRAM 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 Program

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 program for the year ended June 30, 2018. The Academy's major federal program is 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 Program

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 program for the year ended June 30, 2018.

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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.
February 15, 2019

A+ ARTS ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2018

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)?*	No
(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)?*	No
(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 I - CFDA # 84.010
(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?*	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

A+ ARTS ACADEMY

FRANKLIN 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
APRIL 16, 2019

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