A+ CHILDREN'S ACADEMY
FRANKLIN COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2020

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board Members
A+ Children's Academy
114 Obetz Road
Columbus, Ohio 43207

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 31, 2020

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A+ CHILDREN'S ACADEMY
FRANKLIN COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
A+ Children's Academy
Columbus, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

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

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy. Our opinion is not modified with respect to 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 and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

November 20, 2020

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

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- Fiscal year 2020 was the eighth year of operations for the Academy and we were able to provide services to 116.84 students, which was a decrease of 11.13 students from the prior year.
- Total net position of the Academy at June 30, 2020 was a deficit of $981,462 resulting primarily from the recognition of net pension and OPEB liabilities, which amounted of $1,469,292.
- The Academy received $265,674 from federal grants which is a decrease of $5,348 from fiscal year 2019.

Using this Financial Report

This financial report contains the basic financial statements of the Academy, as well as the management's discussion and analysis and the notes to the basic financial statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity-wide and fund presentation information is the same.

Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows

The view of the Academy as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of revenue, expenses and changes in net position answer this question. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's net position and changes in net position. This change in net position is important because it tells the reader whether, for Academy as a whole, the financial position has improved or diminished. The causes of this may be the result of many factors, some financial, some not. Non-financial factors include current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

Table 1 provides a summary of the Academy's net position at June 30, 2020 as compared to June 30, 2019.

Table 1
Net Position

	2020	2019*
Assets		
Current and Other Assets	$431,464	$306,989
Capital Assets, Net	50,352	65,553
Total Assets	481,816	372,542
Deferred Outflows of Resources	481,851	525,211
Liabilities		
Current and Other Liabilities	100,673	97,829
Long-Term Liabilities	1,469,292	1,359,126
Total Liabilities	1,569,965	1,456,955
Deferred Inflows of Resources	375,164	337,406
Net Position		
Net Investment in Capital Assets	44,448	52,047
Restricted	205,439	61,050
Unrestricted (Deficit)	(1,231,349)	(1,009,705)
Total Net Position	($981,462)	($896,608)

*Restated. See the notes to the basic financial statements.

Total assets increased $109,274 due primarily to an increase in cash and cash equivalents, intergovernmental receivables, and net OPEB asset for the fiscal year. Deferred outflows of resources decreased $43,360 due to a decrease in the actuarially determined amounts related to the Academy's proportionate share of the state-wide net pension and OPEB liabilities. Total liabilities increased $113,010 due primarily to the increase in the Academy's proportionate share of the state-wide net pension and OPEB liabilities. Deferred inflows of resources increased $37,758 due to an increase in the actuarially determined amounts related to the Academy's proportionate share of the state-wide net pension and OPEB liabilities.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

Table 2
Change in Net Position

	2020	2019
Operating Revenues		
Foundation Payments	$874,393	$960,501
Special Education	137,016	163,580
Other Operating Revenues	665	2,528
Total Operating Revenues	1,012,074	1,126,609

(continued)

Table 2
Change in Net Position
(Continued)

	2020	2019
Operating Expenses		
Salaries	$648,195	$673,929
Fringe Benefits	306,144	227,699
Purchased Services	380,770	428,030
Materials and Supplies	40,890	21,794
Depreciation	15,201	16,399
Other Expenses	7,837	8,329
Total Operating Expenses	1,399,037	1,376,180
Operating Income (Loss)	(386,963)	(249,571)
Nonoperating Revenues (Expenses)		
State and Federal Grants	302,011	273,522
Contributions and Donations	500	350
Interest and Fiscal Charges	(402)	(696)
Total Nonoperating Revenues (Expenses)	302,109	273,176
Change in Net Position	(84,854)	23,605
Net Position, Beginning of Year-Restated	(896,608)	(920,213)
Net Position, End of Year	($981,462)	($896,608)

The majority of the Academy's revenue comes from the state foundation payments, including allocations for special education, which account for 77% of total revenues. The Academy also receives significant federal and state funding, which account for 23% of total revenues.

Revenues decreased between years due to a decrease in enrollment. The Academy experienced a slight increase in expenses primarily due to an increase in fringe benefits resulting from pension and OPEB expense based primarily on actuarially determined calculations. Salaries and benefits made up 68% of total expenses for 2020 as compared to 66% in the prior year.

Capital Assets

At June 30, 2020, the Academy had $50,352 invested in capital assets. Table 3 shows the fiscal year 2020 balances compared to 2019.

Table 3
Capital Assets
(Net of Accumulated Depreciation)

	2020	2019*
Buildings and improvements	$31,832	$32,742
Office furniture and equipment	18,520	32,811
Total	$50,352	$65,553

*Restated. See the notes to the basic financial statements.

Changes in capital assets from the prior year resulted depreciation expense. See note 5 of the notes to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2020, the Academy had one outstanding lease obligation with a balance of $5,904. See notes 12 and 13 of the notes to the basic financial statements for more detailed information related to capital leases.

Contacting the Academy

This financial report is designed to provide a general overview of the finances of the A+ Children's Academy and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: A+ Children's Academy, 114 Obetz Road, Columbus, Ohio 43207, (614) 491-8502 or info@apluschildrensacademy.org.

A+ Children's Academy
Statement of Net Position
June 30, 2020

Assets	
Current Assets	
Cash and Cash Equivalents	$214,270
Intergovernmental Receivable	153,997
Total Current Assets	368,267
Noncurrent Assets	
Net OPEB Asset	63,197
Depreciable Capital Assets, Net	50,352
Total Noncurrent Assets	113,549
Total Assets	481,816
Deferred Outflows of Resources	
Pension	440,376
OPEB	41,475
Total Deferred Outflows of Resources	481,851
Liabilities	
Current Liabilities	
Accounts Payable	27,500
Accrued Wages and Benefits Payable	57,491
Intergovernmental Payable	9,778
Capital Lease, Current	5,904
Total Current Liabilities	100,673
Noncurrent Liabilities	
Net Pension Liability	1,288,183
Net OPEB Liability	181,109
Total Noncurrent Liabilities	1,469,292
Total Liabilities	1,569,965
Deferred Inflows of Resources	
Pension	188,299
OPEB	186,865
Total Deferred Inflows of Resources	375,164
Net Position	
Net Investment in Capital Assets	44,448
Restricted For:	
Other Purposes	205,439
Unrestricted (Deficit)	(1,231,349)
Total Net Position	($981,462)

See the accompanying notes to the basic financial statements.

A+ Children's Academy

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2020

Operating Revenues	
Foundation Payments	$874,393
Special Education	137,016
Other Operating Revenues	665
Total Operating Revenues	1,012,074
Operating Expenses	
Salaries	648,195
Fringe Benefits	306,144
Purchased Services	380,770
Materials and Supplies	40,890
Depreciation	15,201
Other Operating Expenses	7,837
Total Operating Expenses	1,399,037
Operating Loss	(386,963)
Nonoperating Revenues (Expenses)	
Federal Grants	265,674
State Grants	36,337
Contributions and Donations	500
Interest and Fiscal Charges	(402)
Total Nonoperating Revenues (Expenses)	302,109
Change in Net Position	(84,854)
Net Position, Beginning of Year-Restated	(896,608)
Net Position, End of Year	($981,462)

See the accompanying notes to the basic financial statements.

A+ Children's Academy

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2020

Change in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from State of Ohio - Foundation	$1,009,660
Cash Received from Other Operating Revenues	665
Cash Payments for Personal Services	(777,628)
Cash Payments for Purchased Services	(372,120)
Cash Payments for Materials and Supplies	(35,583)
Cash Payments for Other Expenses	(9,696)
Net Cash Used for Operating Activities	(184,702)
Cash Flows from Noncapital Financing Activities	
Cash Received from Contributions and Donations	500
Cash Received from Federal Grants	193,222
Cash Received from State Grants	36,337
Net Cash Provided by Noncapital Financing Activities	230,059
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Debt Obligations	(7,602)
Interest Paid on Debt Obligations	(402)
Net Cash Used by Capital and Related Financing Activities	(8,004)
Net Change in Cash and Cash Equivalents	37,353
Cash and Cash Equivalents, Beginning of Year	176,917
Cash and Cash Equivalents, End of Year	$214,270
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($386,963)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	15,201
Change in Assets, Liabilities and Deferred Inflows/Outflows of Resources:	
Decrease in Accounts Receivable	2,250
Increase in Intergovernmental Receivable	(1,749)
Decrease in Deferred Outflows of Resources	43,360
Increase in Accounts Payable	8,318
Decrease in Accrued Wages and Benefits Payable	(1,486)
Decrease in Intergovernmental Payable	(2,290)
Increase in Net Pension Liability	161,317
Increase in Net OPEB Asset	(15,171)
Decrease in Net OPEB Liability	(45,247)
Increase in Deferred Inflows of Resources	37,758
Net Cash Used for Operating Activities	($184,702)

See the accompanying notes to the basic financial statements.

Note 1 – Description of the Reporting Entity

A+ Children's Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code, Chapters 3314 and 1702, to address the needs of students in grades kindergarten through five. The Academy qualifies as an exempt organization under section 501(c)(3) of the Internal Revenue Code. The Academy's mission is to cultivate a passion for learning through an engaging standards-based integrated curriculum that addresses students' social, emotional, academic, and cognitive needs. Academy students will be excited about learning, prepared for learning, and supported in their learning. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under contract with the Office of School Sponsorship maintained through the Ohio Department of Education for a period of three years commencing July 1, 2017.

The Academy operates under the direction of a five member Board of Directors (the Board). The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admissions standards and qualifications of teachers. The Academy's Superintendent serves as a non-voting member of the Board.

The Board hires the Superintendent, who hires all the other staff, and manages the day-to-day operations of the Academy. The Board controls the Academy's one instructional/support facility staffed by 5 administrators, 11 teachers, 2 aides, and 1 other classified employee who provide services to 116.84 students (FTE).

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

The Academy's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Academy uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the changes in net position, financial position and cash flows.

Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred inflows/outflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the Academy finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code Section 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 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 prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis. Each year, the Academy's Board of Directors, with the assistance of the Academy's designated fiscal officer, is required to adopt an annual budget by the thirty-first day of October using the format and guidelines prescribed by the Ohio Department of Education (ODE).

Cash

All monies received by the Academy are accounted for by the Academy's treasurer. All cash received is maintained in accounts in the Academy's name. Monies for the Academy are maintained in checking accounts.

Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of five thousand dollars.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Capital assets are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

Description	Estimated Lives
Computers and related equipment	3 years
Office furniture	5 years
Building and building improvements	40 years
Parking lot and landscaping	10 years

Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are met.

Eligibility requirements include 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.

Amounts awarded under grants and entitlements and received from the State Foundation for the fiscal year ended June 30, 2020 totaled $1,011,409.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Academy reports deferred outflows of resources in the statement of net position for amounts related to pensions and other postemployment benefits, which will be further discussed in notes 7 and 8.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources include amounts related to pensions and other postemployment benefits, which will be further discussed in notes 7 and 8.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations. However, claims and judgments that will be paid from available funds are reported as a liability in the financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Net Position

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

Estimates

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the Academy. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Academy. Revenues and expenses not meeting these definitions are reported as nonoperating.

Pensions/OPEB

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (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 June 30, 2020, the carrying amount of the Academy's deposits was $214,270 and the bank balance was $223,205. The entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC).

Note 4 - Receivables

Receivables at June 30, 2020 primarily consist of intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

Refund from SERS	$2,205
Title I Grant	78,506
Title II-A Grant	28,703
Title I Non-competitive	32,500
Title IV-A Grant	8,568
IDEA B Grant	2,323
IDEA B Early Childhood Grant	453
IDEA 6B Restoration	739
Total	$153,997

Note 5 – Capital Assets

A summary of the changes in capital assets during fiscal year 2020 follows:

	Balance at 6/30/19*	Additions	Deletions	Balance at 6/30/20
Capital Assets Being Depreciated				
Buildings and Improvements	$36,380	$0	$0	$36,380
Office Furniture and Equipment	71,433	0	0	71,433
Total Capital Assets Being Depreciated	107,813	0	0	107,813
Accumulated Depreciation				
Buildings and Improvements	(3,638)	(910)	0	(4,548)
Office Furniture and Equipment	(38,622)	(14,291)	0	(52,913)
Total Accumulated Depreciation	(42,260)	(15,201)	0	(57,461)
Total Capital Assets, Net	$65,553	($15,201)	0	$50,352

*Restated. See note 19 for additional information.

Note 6 – Risk Management

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. For the fiscal year ended 2020, the Academy contracted for the following coverage provided by Philadelphia Insurance Company, which includes deductibles ranging from $5,000 to $10,000:

General Liability:	
Per Occurrence	$1,000,000
Personal Injury	1,000,000

General Aggregate	$3,000,000
Rented to You	300,000
Medical Expense (Per Person)	5,000
Business Personal Property	100,000
Educators Professional Liability	1,000,000
Employee Benefits	1,000,000
Errors and Omissions	1,000,000
Vicarious Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

Worker's Compensation

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

<u>Note 7 – Defined Benefit Pension Plans</u>

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See note 8 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – Academy nonteaching 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.

Age and service requirements for retirement are as follows:

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

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

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

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

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

The Academy's contractually required contributions to SERS were $23,924 for fiscal year 2020.

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 website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 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.

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

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

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

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 must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2020, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The Academy's contractually required contributions to STRS were $63,745 for fiscal year 2020.

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, 2019 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
Proportion of the Net Pension Liability Prior Measurement Date	0.00820140%	0.00298870%	
Proportion of the Net Pension Liability Current Measurement Date	0.00742690%	0.00381570%	
Change in Proportionate Share	-0.00077450%	0.00082700%	
Proportionate Share of the Net Pension Liability	$444,364	$843,819	$1,288,183
Pension Expense	$87,592	$202,243	$289,835

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$11,267	$6,870	$18,137
Changes of assumptions	0	99,123	99,123
Changes in proportion and differences between Academy contributions and proportionate share of contributions	15,265	220,182	235,447
Academy contributions subsequent to the measurement date	23,924	63,745	87,669
Total Deferred Outflows of Resources	$50,456	$389,920	$440,376
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$3,652	$3,652
Net difference between projected and actual earnings on pension plan investments	5,706	41,242	46,948
Changes in proportion and differences between Academy contributions and proportionate share of contributions	31,631	106,068	137,699
Total Deferred Inflows of Resources	$37,337	$150,962	$188,299

$87,669 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$5,889	$105,077	$110,966
2022	(19,547)	43,027	23,480
2023	(381)	(9,171)	(9,552)
2024	3,234	36,280	39,514
Total	($10,805)	$175,213	$164,408

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, 2019, are presented below:

Wage Inflation	3 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 (Level Percent of Payroll)

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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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	$622,713	$444,364	$294,796

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. 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 July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*Target weights will be phased in over a 24 month period concluding on July 1, 2019.
**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that 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, 2019. 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, 2019.

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	$1,233,148	$843,819	$514,233

<u>Note 8 – Defined Benefit OPEB Plans</u>

See note 7 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation 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 2020, this amount was $19,600. 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 2020, the Academy's surcharge obligation was $895.

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 $895 for fiscal year 2020.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.00815910%	0.00298870%	
Proportion of the Net OPEB Liability Current Measurement Date	0.00720170%	0.00381570%	
Change in Proportionate Share	-0.00095740%	0.00082700%	
Proportionate Share of the Net OPEB Liability	$181,109	$0	$181,109
Proportionate Share of the Net OPEB Asset	$0	($63,197)	($63,197)
OPEB Expense	$4,846	($24,100)	($19,254)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$2,658	$5,729	$8,387
Changes of assumptions	13,228	1,329	14,557
Net difference between projected and actual earnings on OPEB plan investments	437	0	437
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	12,434	4,765	17,199
Academy contributions subsequent to the measurement date	895	0	895
Total Deferred Outflows of Resources	$29,652	$11,823	$41,475
Deferred Inflows of Resources			
Differences between expected and actual experience	$39,788	$3,216	$43,004
Changes of assumptions	10,151	69,289	79,440
Net difference between projected and actual earnings on OPEB plan investments	0	3,969	3,969
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	33,125	27,327	60,452
Total Deferred Inflows of Resources	$83,064	$103,801	$186,865

$895 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 (asset) in the year ending June 30, 2021. 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:			
2021	($13,863)	($19,838)	($33,701)
2022	(8,780)	(19,837)	(28,617)
2023	(8,655)	(18,247)	(26,902)
2024	(8,675)	(17,687)	(26,362)
2025	(9,528)	(17,342)	(26,870)
Thereafter	(4,806)	973	(3,833)
Total	($54,307)	($91,978)	($146,285)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, 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	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return 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.

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, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the 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 3.13 percent, as of June 30, 2019 (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.

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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Academy's proportionate share of the net OPEB liability	$219,830	$181,109	$150,319

	1% Decrease (6.00 % decreasing to 3.75%)	Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
Academy's proportionate share of the net OPEB liability	$145,105	$181,109	$228,876

Actuarial Assumptions – STRS

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

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
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2019, 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, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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 %	

*Target weights will be phased in over a 24 month period concluding on July 1, 2019.
**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB asset	($53,926)	($63,197)	($53,794)

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	($71,663)	($63,197)	($42,499)

Note 9 – Other Employee Benefits

All full time staff, except the superintendent, is entitled to six days of personal leave for the duration of their respective contracts. The superintendent is entitled to fifteen days of sick leave for the duration of her contract. Full time nonexempt classified staff also receive seven paid holidays and are entitled to five vacation days. Other benefits may be available per each contract and changed or eliminated by the Academy at its sole discretion.

Note 10 - Contingencies

Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2020.

State Foundation Funding

Foundation funding is based on the annualized full-time equivalency (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 fiscal year end.

Under Ohio Revised Code Section 3314.08, ODE may also perform an 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.

As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable at this time. Management believes this may result in either an additional receivable to, or liability of, the Academy.

In addition, the Academy's contract with its Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2020 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2020 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the Academy.

Litigation

The Academy is not currently party to legal proceedings.

Note 11 – Purchased Services

For the fiscal year ended June 30, 2020, purchased service expenses were payments for services rendered by various vendors as follows:

Professional and Technical Services	$140,104
Property Services	115,430
Communications	10,805
Utilities	24,807
Other	22,143
Food Service	67,481
Total Purchased Services	$380,770

Note 12 - Long-Term Obligations

The changes in the Academy's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/19	Additions	Reductions	Principal Outstanding 6/30/20	Amount Due Within One Year
Capital Lease	$13,506	$0	($7,602)	$5,904	$5,904
Net Pension Liability	1,126,866	161,317	0	1,288,183	0
Net OPEB Liability	226,356	0	(45,247)	181,109	0
Total	$1,366,728	$161,317	($52,849)	$1,475,196	$5,904

Obligations related to employee compensation will be paid from the program benefitting from their service.

Note 13 – Capital Lease

In fiscal year 2016, the Academy entered into a capitalized lease for two copiers. The lease meets the criteria of a capital lease as defined by generally accepted accounting principles as a capital lease generally as one which transfers benefits and risks of ownership to the lessee.
Capital assets acquired by lease were initially capitalized in the statement of net position in the amount of $36,222 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position. Principal payments in fiscal year 2020 totaled $7,602.

Principal and interest requirements to retire the capital leases at June 30, 2020 are as follows:

Year Ending June 30	Capital Leases
2021	$6,003
Total Payments	6,003
Less: Interest	(99)
Total Principal	$5,904

Note 14 – Sponsorship – Ohio Department of Education

The Academy was under the Ohio Department of Education as its sponsor and oversight services as required by law. The Academy pays the Sponsor three percent of State Aid. Sponsorship fees are calculated as three percent of state funds received by the Academy from the State of Ohio. For the fiscal year ended June 30, 2020, sponsorship fees totaled $29,248.

Note 15 – Management Plan

The Academy was committed to maintaining and hopefully improving its financial position during fiscal year 2020. In an effort to do this, the Academy utilized all its Comprehensive Continuous Improvement Planning (CCIP) dollars as effectively as possible. For fiscal year 2020, the Academy received $109,352 in actual CCIP grant revenue and recorded another $151,792 as a receivable. In addition, the Academy also was able to maintain a consistent enrollment throughout the year. Going forward the Academy will continue to operate as efficiently as possible and continue to be very prudent with expenses to work toward building net position.

Note 16 – Related Parties

In fiscal year 2020, the Academy was involved in multiple related parties transactions:

The Academy rents property from the T. Ronald and Barbara A. Sams Trust, the owner of the property, at a rate of $8,000 per month effective July 1, 2017. The Academy paid $96,000 in rent payments to the Trust.

The Academy contracts with DCA CPAs, LLC for tax services. The owner of this firm is the nephew of the property owner, T. Ronald and Barbara A. Sams. The Academy paid $250 to this firm during the fiscal year.

Distinctive Painting, LLC is owned by Richard Brown, who is the son-in-law of the property owner. The Academy paid $4,235 to this company during the fiscal year.

Note 17 – Contracted Fiscal Services

The Academy is a party to a fiscal services agreement with Michael Ashmore, who is an independent contractor. The agreement may be terminated by either part, with or without cause, by giving the other party ninety days written notice to terminate. The agreement provides that Michael Ashmore will perform the following functions for the Academy: 1) financial management services, 2) treasurer services, 3) payroll/payables services, and 4) submission of project cash requests for CCIP.

Payments to Michael Ashmore during fiscal year 2020 totaled $54,775.

Note 18 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy. The impact on the Academy's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 19 – Restatement of Beginning Net Position

The Academy revised its capitalization threshold, increasing it from $2,000 to $5,000. This change resulted in the following restatement of previously reported net position.

Net Position, As Reported, June 30, 2019	($881,464)
Restatement:	
Change in Capitalization Threshold	(15,144)
Net Position, As Restated, July 1, 2019	($896,608)

A+ Children's Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years

	2014	2015	2016	2017	2018	2019	2020
State Teachers Retirement System							
Academy's proportion of the net pension liability	0.00123114%	0.00240364%	0.00292098%	0.00328170%	0.00390900%	0.00298870%	0.00381570%
Academy's proportionate share of the net pension liability	$356,710	$584,648	$807,273	$1,098,474	$928,582	$657,157	$843,819
Academy's covered-employee payroll	$125,800	$245,608	$305,314	$344,850	$428,121	$338,193	$455,043
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	283.6%	238.0%	264.4%	318.5%	216.9%	194.3%	185.4%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%
School Employees Retirement System							
Academy's proportion of the net pension liability	0.00302903%	0.00513400%	0.00545590%	0.00690820%	0.00744360%	0.00820140%	0.00742690%
Academy's proportionate share of the net pension liability	$180,127	$259,829	$311,319	$505,616	$444,739	$469,709	$444,364
Academy's covered-employee payroll	$91,091	$154,170	$164,036	$197,907	$196,621	$233,007	$202,521
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	197.7%	168.5%	189.8%	255.5%	226.2%	201.6%	219.4%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%

The amounts presented are as of the Academy's measurement date, which is the prior fiscal year end.
Information not available prior to 2014. This was also the Academy's first year of operations.
See accompanying notes ot the required supplementary information.

A+ Children's Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability (Asset)
Last Four Fiscal Years

	2017	2018	2019	2020
State Teachers Retirement System				
Academy's proportion of the net OPEB liability (asset)	0.00328170%	0.00390896%	0.00298870%	0.00381570%
Academy's proportionate share of the net OPEB liability (asset)	$209,052	$152,513	($48,026)	($63,197)
Academy's covered-employee payroll	$344,850	$428,121	$338,193	$455,043
Academy's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	60.6%	35.6%	-14.2%	-13.9%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%
School Employees Retirement System				
Academy's proportion of the net OPEB liability	0.00690820%	0.00754550%	0.00815910%	0.00720170%
Academy's proportionate share of the net OPEB liability	$215,075	$202,501	$226,356	$181,109
Academy's covered-employee payroll	$197,907	$196,621	$233,007	$202,521
Academy's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	108.7%	103.0%	97.1%	89.4%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%

The amounts presented are as of the Academy's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See accompanying notes ot the required supplementary information.

A+ Children's Academy
Required Supplementary Information
Schedule of Academy Contributions
Last Eight Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020
State Teachers Retirement System								
Contractually required contribution - pension	$16,354	$31,929	$42,744	$48,279	$59,937	$47,347	$63,706	$63,745
Contractually required contribution - OPEB	1,258	2,456	0	0	0	0	0	0
Contractually required contribution - total	17,612	34,385	42,744	48,279	59,937	47,347	63,706	63,745
Contributions in relation to the contractually required contribution	17,612	34,385	42,744	48,279	59,937	47,347	63,706	63,745
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0
Academy's covered-employee payroll	$125,800	$245,608	$305,314	$344,850	$428,121	$338,193	$455,043	$455,321
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
School Employees Retirement System								
Contractually required contribution - pension	$12,607	$21,368	$21,620	$27,707	$27,527	$32,621	$27,340	$23,924
Contractually required contribution - OPEB (1)	146	216	1,345	0	0	1,165	1,013	0
Contractually required contribution - total	12,753	21,584	22,965	27,707	27,527	33,786	28,353	23,924
Contributions in relation to the contractually required contribution	12,753	21,584	22,965	27,707	27,527	33,786	28,353	23,924
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0
Academy's covered-employee payroll	$91,091	$154,170	$164,036	$197,907	$196,621	$233,007	$202,521	$170,886
Contributions as a percentage of covered-employee payroll - pension	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.
See accompanying notes ot the required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 or 2020.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption 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.

There were no changes in assumptions for fiscal years 2019 or 2020.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

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

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability 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 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
    - Medical Medicare – 6 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 initial, 4 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

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

There were no changes to benefit terms for fiscal years 2019 or 2020.

<u>Changes in assumptions</u>

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

There were no changes in assumptions for fiscal years 2019 or 2020.

OPEB

<u>Changes in benefit terms</u>

There were no changes to benefit terms for fiscal years 2017 through 2020.

<u>Changes in assumptions</u>

There were no changes in assumptions for fiscal years 2017 or 2018.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
    - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
    - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
    - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
    - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7.00 to 4.75

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Members of the Board
A+ Children's Academy
Columbus, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the A+ Children's Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements, and have issued our report thereon dated November 20, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Academy.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

November 20, 2020

A+ CHILDREN'S ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2020

The prior audit report, as of June 30, 2019, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

A+ CHILDREN'S ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/12/2021

88 East Broad Street, Columbus, Ohio 43215
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