HORIZON SCIENCE ACADEMY OF TOLEDO

LUCAS COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Julian & Grube

Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Directors
Horizon Science Academy of Toledo
2600 W. Sylvania Avenue
Toledo, Ohio 43613

We have reviewed the *Independent Auditor's Report* of Horizon Science Academy of Toledo, Lucas County, prepared by Julian & Grube, 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. Horizon Science Academy of Toledo is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2021

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HORIZON SCIENCE ACADEMY OF TOLEDO
LUCAS COUNTY, OHIO

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Independent Auditor's Report

Horizon Science Academy of Toledo
Lucas County
2600 West Sylvania Avenue
Toledo, Ohio 43613

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Horizon Science Academy of Toledo, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Horizon Science Academy of Toledo'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 Horizon Science Academy of Toledo'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 Horizon Science Academy of Toledo'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 Horizon Science Academy of Toledo, Lucas County, Ohio, as of June 30, 2020, and the changes in its financial position and cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Horizon Science Academy of Toledo. 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 other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Horizon Science Academy of Toledo's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of the Horizon Science Academy of Toledo'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Horizon Science Academy of Toledo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Horizon Science Academy of Toledo's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
January 6, 2021

The discussion and analysis of Horizon Science Academy of Toledo's (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2020. Readers should also review the financial statements and notes to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- Total assets were $1,589,676.
- Total liabilities were $6,031,721.
- Total net position decreased by $102,394.

Using this Financial Report

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

Reporting the Academy as a Whole

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Academy's net position – the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as reported in the Statement of Net Position – as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net position – as reported in the Statement of Revenues, Expenses and Change in Net Position – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the Academy, to assess the overall health of the Academy.

The Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position report the activities of the Academy, which encompass all the Academy's services, including instruction and supporting services. Unrestricted state aid and state and federal grants finance most of these activities.

Table 1 provides a comparison of net position as of June 30, 2020 with net position as of June 30, 2019.

Table 1
Net Position

	2020	2019
Assets		
Current Assets	$ 1,006,239	$ 237,245
Net OPEB Asset	325,145	341,428
Capital Assets, Net	258,292	275,860
Total Assets	**1,589,676**	**854,533**
Deferred Outflows of Resources	**1,045,637**	**1,725,613**
Liabilities		
Current Liabilities	531,431	310,519
Noncurrent Liabilities	5,500,290	5,650,160
Total Liabilities	**6,031,721**	**5,960,679**
Deferred Inflows of Resources	**1,471,877**	**1,385,358**
Net Position		
Investment in Capital Assets	238,220	264,520
Unrestricted	(5,106,505)	(5,030,411)
Total Net Position	**$ (4,868,285)**	**$ (4,765,891)**

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

Current and other assets increased primarily due to an increase in cash and cash equivalents resulting from the receipt of a Payroll Protection Program (PPP) loan from the Small Business Administration.

Deferred outflows decreased primarily in deferred outflows related to pension. This decrease was primarily due to changes in assumptions by STRS and changes in the Academy's proportionate share reported by STRS. See Note 6 for more detail.

Current liabilities increased primarily due to an increase in the current portion of loans payable due in fiscal year 2021.

Long-term liabilities decreased primarily due a reduction of the District's net pension and net OPEB liability. This decrease was partially offset by an increase resulting from the reporting of the long-term portion of the PPP loan. The net pension liability and the net OPEB liability are outside of the control of the Academy. The Academy contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to Academy employees, not the Academy.

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

Table 2
Revenues, Expenses and Changes in Net Position

	2020	2019
Operating Revenues		
Foundation payments	$ 4,312,696	$ 4,489,272
Extracurricular activities	6,262	24,112
Other revenue	25,363	47,620
Total operating revenues	**4,344,321**	**4,561,004**
Operating Expenses		
Salaries	2,629,508	2,569,717
Fringe benefits	855,023	230,336
Purchased services	2,172,184	2,261,998
Materials and supplies	137,122	173,093
Depreciation	109,066	84,915
Miscellaneous	150,622	152,337
Total operating expenses	**6,053,525**	**5,472,396**
Operating loss	**(1,709,204)**	**(911,392)**
Nonoperating Revenues (Expenses)		
Restricted grants in aid - federal	995,208	1,026,740
State and other grants	307,274	132,801
Interest expense	(443)	(2,646)
Donated management fee	304,771	442,055
Total nonoperating revenues	**1,606,810**	**1,598,950**
Change in net position	(102,394)	687,558
Net position, beginning of year	(4,765,891)	(5,453,449)
Net position, end of year	**$ (4,868,285)**	**$ (4,765,891)**

Overall, operating expenses increased $581,129 or 10.62%.

On an accrual basis, the Academy reported $658,755 and $583,330 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the Academy reported ($97,824) and ($713,764) in OPEB expense for fiscal year 2020 and 2019, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2019 to fiscal year 2020 was $691,365. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expenses are components of the Academy's fringe benefits expense.

Salary expense increased as the Academy has more employees in fiscal year 2020 compared to fiscal year 2019.

Foundation support decreased $176,576 due to fewer students in fiscal year 2020 versus fiscal year 2019. Foundation support is the primary support of the Academy, comprising 99.27% of operating revenue and 72.46% of total revenues. The Academy also received a significant portion of state and federal grants, which represent 21.88% of total revenue. State grant revenue increased due to the receipt of student wellness grant funding in fiscal year 2020. Net position decreased $102,394.

Capital Assets

At the end of fiscal year 2020, the Academy had $590,468 invested in improvements, equipment, and vehicles ($258,292 net of accumulated depreciation). Table 3 shows the balances at June 30, 2020 and June 30, 2019.

Table 3
Capital Assets

	Balance June 30, 2020	Balance June 30, 2019
Capital Assets, Being Depreciated:		
Improvements	$ 177,863	$ 170,381
Equipment Instructional	347,211	349,932
Equipment Office	27,591	27,473
School Vehicle	37,803	32,312
Total Capital Assets	**590,468**	**580,098**
Less: Accumulated Depreciation	(332,176)	(306,238)
Net Capital Assets	**$ 258,292**	**$ 273,860**

For more information on capital assets see Note 6 to the basic financial statements.

Debt

At the end of fiscal year 2020 the Academy had $687,772 in debt outstanding. Table 4 shows the balances at June 30, 2020 and June 30, 2019.

Table 4
Debt Obligations

	Balance June 30, 2020	Balance June 30, 2019
Loans Payable	$ 667,700	$ -
Note payable	6,780	10,586
Capital Lease	13,292	753
Total	**$ 687,772**	**$ 11,339**

For more information on outstanding debt see Note 5 to the basic financial statements.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Academy's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Ramazan Celep, Treasurer, Horizon Science Academy of Toledo, 2600 W. Sylvania Ave. Toledo, OH 43613.

Horizon Science Academy of Toledo
Statement of Net Position
June 30, 2020

ASSETS:		
Current Assets:		
Cash and cash equivalents	$	988,866
Accounts receivable		6,985
Intergovernmental receivable		5,228
Prepaid items		5,160
Total current assets		1,006,239
Noncurrent Assets:		
Net OPEB asset		325,145
Depreciable capital assets, net		258,292
Total noncurrent assets		583,437
Total Assets		**1,589,676**
DEFERRED OUTFLOWS OF RESOURCES:		
Pension		967,342
OPEB		78,295
Total Deferred Outflows of Resources		**1,045,637**
LIABILITIES;		
Current Liabilities:		
Accounts payable		22,253
Accrued wages and benefits payable		266,991
Intergovernmental payable		11,232
Loan payable		221,455
Note payable		4,000
Capital lease payable		5,500
Total current liabilities		531,431
Noncurrent Liabilities:		
Net pension liability		4,833,732
Net OPEB liability		209,741
Loan payable		446,245
Note payable		2,780
Capital lease payable		7,792
Total noncurrent liabilities		5,500,290
Total Liabilities		**6,031,721**
DEFERRED INFLOWS OF RESOURCES:		
Pension		857,568
OPEB		614,309
Total Deferred Inflows of Resources		**1,471,877**
NET POSITION:		
Net investment in capital assets		238,220
Unrestricted		(5,106,505)
Total Net Position	**$**	**(4,868,285)**

See accompanying notes to the basic financial statements.

Horizon Science Academy of Toledo

Statement of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2020

OPERATING REVENUES:		
Foundation payments	$	4,312,696
Extracurricular activities		6,262
Other revenue		25,363
Total operating revenues		**4,344,321**
OPERATING EXPENSES:		
Salaries		2,629,508
Fringe benefits		855,023
Purchased services		2,172,184
Materials and supplies		137,122
Depreciation		109,066
Miscellaneous		150,622
Total operating expenses		**6,053,525**
Operating loss		**(1,709,204)**
NONOPERATING REVENUES (EXPENSES):		
Restricted grants in aid - federal		995,208
State and other grants		307,274
Interest expense		(443)
Donated management fee		304,771
Total nonoperating revenues		**1,606,810**
Change in net position		(102,394)
Net position, beginning of year		(4,765,891)
Net position, end of year	**$**	**(4,868,285)**

See accompanying notes to the basic financial statements.

Horizon Science Academy of Toledo
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from State of Ohio	$	4,320,234
Other cash receipts		31,625
Cash payments to employees for services and benefits		(3,241,320)
Cash payments to suppliers for goods and services		(2,021,671)
Other cash payment		(150,622)
Net cash (used in) operating activities		**(1,061,754)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal grants received		1,015,660
State and other grants received		307,274
Cash received from loans		667,700
Net cash provided by noncapital financing activities		**1,990,634**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on note payable		(3,806)
Interest paid on note payable		(443)
Principal paid on capital lease		(3,961)
Payments for capital acquisitions		(74,998)
Net cash (used in) capital and related financing activities		**(83,208)**
Net increase in cash and cash equivalents		845,672
Cash and cash equivalents at beginning of year		143,194
Cash and cash equivalents at end of year	**$**	**988,866**
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating loss	$	(1,709,204)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Depreciation		109,066
Donated management fee		304,771
Changes in assets, liabilities, deferred outflows of resources, and deferred inflows of resources:		
Decrease in prepaid assets		48,687
(Decrease) in accounts payable		(17,136)
Decrease in intergovernmental receivable		7,538
Increase in accrued wages and benefits payable		4,777
Increase in intergovernmental payable		2,316
Decrease in net OPEB asset		16,283
Decrease in deferred outflows of resources		679,976
Increase in deferred inflows of resources		86,519
(Decrease) in net pension liability		(488,660)
(Decrease) in net OPEB liability		(106,687)
Total adjustments		**647,450**
Net cash (used in) operating activities	**$**	**(1,061,754)**

Noncash Activities:
During fiscal year 2020, the Academy acquired $16,500 of capital assets by capital lease.

See accompanying notes to the basic financial statements.

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1. DESCRIPTION OF THE ACADEDMY AND REPORTING ENTITY

Horizon Science Academy of Toledo, (the Academy), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through twelve in Toledo. The Academy, which is part of the State's education program, is independent of any school 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 qualifies as an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax-exempt status.

The Academy was approved for operation under contract with the Lucas County Educational Service Center (the Sponsor) for a period of five years commencing March 11, 2004. On March 9, 2010, the contract was extended through June 30, 2012. In 2019, this contract was extended until June 30, 2020.

The Academy operates under the direction of a self-appointed five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which includes, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. In fiscal year 2020, the Academy employed 63 personnel for up to 516 students during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental 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.

A. Basis of Presentation

The Academy's basic financial statements consist of a Statement of Net Position; a Statement of Revenues, Expenses and Change in Net Position; and a Statement of Cash Flows.

The Academy uses enterprise accounting to report its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Academy are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Change in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The full accrual basis of accounting is used for reporting purposes. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants, entitlements and donations are recognized in the period in which all eligibility requirements have been satisfied. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. Expenses are recognized at the time they are incurred.

C. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does not require the Academy to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements. However, the contract between the Academy and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis.

D. Cash

To improve cash management, all cash received by the Academy is pooled. Total cash amount at the end of the fiscal year is presented as “Cash and cash equivalents” in the Statement of Net Position. For the purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, any investment with an original maturity date less than 90 days is considered a cash equivalent and any investment with a maturity date greater than 90 days is considered an investment. The Academy did not have any investments during fiscal year 2020.

E. 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 value as of the date received. The Academy maintains a capitalization threshold of one thousand dollars. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. The Academy does not capitalize interest.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets. Leasehold improvements are depreciated using the straight-line method over the life of the lease.

	Useful Life
Buildings	40 years
Improvements	5 to 10 years
Equipment Instructional	5 to 10 years
Equipment Office	3 to 5 years
Vehicles	3 to 10 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, Special Education Program, and Federal CCIP Program. Revenues received from the State Foundation Program are recognized as operating revenues whereas revenues from the Federal CCIP Program, Special Education Program and other State Grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been 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.

G. Operating Revenues and Expenses

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

H. Compensated Absences

The Academy's policy indicates that all full time employees are entitled to eight days of sick/personal leave in a school year. Also, full time employees who have worked for the Academy for a total of 200 to 210 days during the contract year will be allowed nine days of paid sick or personal leave. Full time employees who have worked for the Academy 210 or more days during the contract year will be allowed ten days of paid sick or personal leave. All leave earned by employees must be used within the current school year and cannot be transferred to the next school year, and therefore, are not recorded as a liability. The Academy compensates its employees $150 per day for each unused sick/personal day at the end of the year.

I. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should also be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or contracts. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. At the end of the fiscal year ended June 30, 2020, the Academy did not have any restricted net position.

J. Estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Prepayments

Certain payments to vendors reflected the costs applicable to future accounting periods and were recorded as prepaid items in the financial statements. These items were reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts was recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

L. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, see Notes 7 and 8 for deferred outflows of resources related to the Academy's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will 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, see Notes 7 and 8 for deferred inflows of resources related to the Academy's net pension liability and net OPEB liability/asset, respectively.

M. Pensions/Other Postemployment Benefits (OPEB)

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

3. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2020, the Academy has implemented GASB Statement No. 84, "Fiduciary Activities" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Academy.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Academy.

4. DEPOSITS

At June 30, 2020, the carrying amount of the Academy's deposits was $988,866 and the bank balance of the Academy's deposits was $999,136. Of the bank balance, $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and $749,136 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

5. LONG-TERM OBLIGATIONS

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due in One Year
Loan payable	$ -	$ 667,700	$ -	$ 667,700	$ 221,455
Note payable	10,586	-	(3,806)	6,780	4,000
Capital lease obligation	753	16,500	(3,961)	13,292	5,500
Net pension liability:					
STRS	4,671,875	-	(330,487)	4,341,388	-
SERS	650,517	-	(158,173)	492,344	-
Net OPEB liability:					
SERS	316,428	-	(106,687)	209,741	-
Total	$ 5,650,159	$ 684,200	$ (603,114)	$ 5,731,245	$ 230,955

Payroll Protection Program (PPP) Loan

On May 6, 2020, the Academy received a $667,700 Payroll Protection Program (PPP) loan through the Small Business Administration. The loan has a repayment schedule of 18 months and bears an interest rate of 1%. Payments on the PPP loan are scheduled to begin January 1, 2021. Forgiveness of the note is available for principal that is used for the limited purposes that qualify for forgiveness under SBA requirements, and to obtain forgiveness, the Academy must request it and must provide documentation in accordance with SBA requirements. See Note 20 for subsequent events related to forgiveness of this note. The following is a schedule of future debt service requirements on the PPP loan:

Fiscal Year	Principal	Interest	Total
2021	$ 221,455	$ 2,878	$ 224,333
2022	446,245	2,390	448,635
Total	**$ 667,700**	**$ 5,268**	**$ 672,968**

Note Payable

In fiscal year 2017, the Academy purchased a van from Jim White Toyota for $18,762 with an interest rate of 5% and will be paid in full in 5 years. This loan period started in March 2017. For this note, the Academy made principal payments of $3,806 during fiscal year 2020. The following is a schedule of future debt service requirements on the note payable:

Fiscal Year	Principal	Interest	Total
2021	$ 4,000	$ 249	$ 4,249
2022	2,780	52	2,832
Total	**$ 6,780**	**$ 301**	**$ 7,081**

5. LONG-TERM OBLIGATIONS (Continued)

Capital Lease Obligations
See Note 12 for more detail on the Academy's capital lease obligation.

Net Pension / OPEB Liability:
See Note 7 and Note 8 for information on the Academy's net pension and OPEB liabilities.

6. CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets, Being Depreciated:				
Improvements	$ 170,381	$ 7,482	$ -	$ 177,863
Equipment Instructional	349,932	56,892	(59,613)	347,211
Equipment Office	29,473	8,082	(9,964)	27,591
School Vehicle	32,312	19,042	(13,551)	37,803
Total Capital Assets, Being Depreciatied	**582,098**	**91,498**	**(83,128)**	**590,468**
Less: Accumulated Depreciation				
Improvements	(90,376)	(21,135)	-	(111,511)
Equipment Instructional	(177,665)	(73,987)	59,613	(192,039)
Equipment Office	(17,223)	(5,240)	9,964	(12,499)
School Vehicle	(20,974)	(8,704)	13,551	(16,127)
Total Accumulated Depreciation	**(306,238)**	**(109,066)**	**83,128**	**(332,176)**
Net Capital Assets	**$ 275,860**	**$ (17,568)**	**$ -**	**$ 258,292**

7. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

7. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The Academy's contractually required contribution to SERS was $47,429 for fiscal year 2020. Of this amount, $8,792 is reported in *accrued wages and benefits payable and intergovernmental payable*.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate, goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of 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.

7. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The Academy's contractually required contribution to STRS was $323,669 for fiscal year 2020. Of this amount, $26,005 is reported in *accrued wages and benefits payable*.

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

The net pension liability was measured as of June 30, 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 projected 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	0.01135840%	0.02124762%	
Proportion of the net pension liability current measurement date	0.00822880%	0.01963150%	
Change in proportionate share	-0.00312960%	-0.00161612%	
Proportionate share of the net pension liability	$ 492,344	$ 4,341,388	$ 4,833,732
Pension expense	$ 57,618	$ 601,137	$ 658,755

7. DEFINED BENEFIT PENSION PLANS (Continued)

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	$ 12,486	$ 35,346	$ 47,832
Changes of assumptions	-	509,980	509,980
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	38,432	-	38,432
Contributions subsequent to the measurement date	47,429	323,669	371,098
Total deferred outflows of resources	$ 98,347	$ 868,995	$ 967,342

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 18,792	$ 18,792
Net difference between projected and actual earnings on pension plan investments	6,321	212,183	218,504
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	114,765	505,507	620,272
Total deferred inflows of resources	$ 121,086	$ 736,482	$ 857,568

$371,098 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	$ (28,743)	$ 80,885	$ 52,142
2022	(44,589)	(80,032)	(124,621)
2023	(421)	(153,508)	(153,929)
2024	3,585	(38,501)	(34,916)
Total	$ (70,168)	$ (191,156)	$ (261,324)

7. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

***Discount Rate* -** The total pension liability was calculated using the discount rate of 7.50%. 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%). 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%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	$ 689,949	$ 492,344	$ 326,626

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:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

7. DEFINED BENEFIT PENSION PLANS (Continued)

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

7. DEFINED BENEFIT PENSION PLANS (Continued)

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%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	$ 6,344,455	$ 4,341,388	$ 2,645,689

8. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

The net OPEB liability/asset represents the Academy's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/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.

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

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

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

8. DEFINED BENEFIT OPEB PLANS (Continued)

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the Academy's surcharge obligation was $2,402.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $2,402 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.

8. DEFINED BENEFIT OPEB PLANS (Continued)

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% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, 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/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability/asset was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.01140580%	0.02124762%	
Proportion of the net OPEB liability/asset current measurement date	0.00834030%	0.01963150%	
Change in proportionate share	-0.00306550%	-0.00161612%	
Proportionate share of the net OPEB liability	$ 209,741	$ -	$ 209,741
Proportionate share of the net OPEB asset	$ -	$ 325,145	$ 325,145
OPEB expense	$ 13,816	$ (111,640)	$ (97,824)

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	$ 3,079	$ 29,478	$ 32,557
Net difference between projected and actual earnings on OPEB plan investments	504	-	504
Changes of assumptions	15,320	6,835	22,155
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	20,677	-	20,677
Contributions subsequent to the measurement date	2,402	-	2,402
Total deferred outflows of resources	$ 41,982	$ 36,313	$ 78,295

8. DEFINED BENEFIT OPEB PLANS (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 46,079	$ 16,543	$ 62,622
Net difference between projected and actual earnings on OPEB plan investments	-	20,420	20,420
Changes of assumptions	11,752	356,484	368,236
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	104,095	58,936	163,031
Total deferred inflows of resources	$ 161,926	$ 452,383	$ 614,309

$2,402 reported as deferred outflows of resources related to OPEB resulting from Academy's 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	$ (11,518)	$ (89,706)	$ (101,224)
2022	(26,346)	(89,704)	(116,050)
2023	(26,199)	(81,521)	(107,720)
2024	(26,224)	(78,651)	(104,875)
2025	(22,533)	(75,872)	(98,405)
Thereafter	(9,526)	(616)	(10,142)
Total	$ (122,346)	$ (416,070)	$ (538,416)

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.

8. DEFINED BENEFIT OPEB PLANS (Continued)

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%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

8. DEFINED BENEFIT OPEB PLANS (Continued)

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

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

Discount Rate **-** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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%, 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. A municipal bond rate of 3.62% was used as of June 30, 2018. 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	Current Discount Rate	1% Increase
Academy's proportionate share of the net OPEB liability	254,586	$ 209,741	$ 174,084

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	$ 168,045	$ 209,741	$ 265,061

8. DEFINED BENEFIT OPEB PLANS (Continued)

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, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

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.

***Assumption Changes Since the Prior Measurement Date* -** There were no changes in assumptions since the prior measurement date of June 30, 2018.

***Benefit Term Changes 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% 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.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

8. DEFINED BENEFIT OPEB PLANS (Continued)

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% 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% was used to measure the total OPEB asset 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%, 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%) or one percentage point higher (8.45%) 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	Current Discount Rate	1% Increase
Academy's proportionate share of the net OPEB asset	$ 277,446	$ 325,145	$ 365,248

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	$ 368,699	$ 325,145	$ 271,801

9. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the Academy contracted with HUB International Midwest, Ltd. for property and general liability insurance with a $1,000,000 single occurrence limit and $3,000,000 annual aggregate and no deductible. There has been no reduction in coverage from the prior year. There have been no settlements exceeding coverage in any of the last three fiscal years.

B. Workers Compensation

The Academy pays the State Workers Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State. 100% of this premium was paid for fiscal year 2020.

10. EMPLOYEE MEDICAL AND DENTAL BENEFITS

The Academy has contracted with a private carrier to provide employee medical/surgical benefits. The Academy pays 60% of the monthly premium and the employee is responsible for the remaining 40%. The Academy has also contracted with private carriers to provide dental coverage. The Academy pays 60% of the monthly premium and the employee is responsible for the remaining 40%.

11. PURCHASED SERVICES

Purchased service expenses during fiscal year 2020 were as follows:

Type	Amount
Professional Services	$ 827,451
Rent and Property Services	913,340
Travel Mileage/Meeting Expense	2,901
Advertising and Communications	58,678
Utility Services	65,988
Contracted Craft or Trade Services	162,436
Pupil Transportation	137,865
Other Purchased Services	3,525
Total	**$ 2,172,184**

12. CAPITAL LEASES

In fiscal year 2016, the Academy entered into a capital lease agreement for a van. The lease meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital lease was recorded at the present value of the future minimum lease payments as of the inception date. For this lease, the Academy made principal payments of $753 during fiscal year 2020 that retired the capital lease obligation.

12. CAPITAL LEASES (Continued)

On December 16, 2019, the Academy entered into a capital lease for the acquisition of a van. The lease meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. During fiscal year 2020, the Academy made a $2,542 down payment on the van and entered into a lease agreement for the remaining portion of $16,500. Capital assets acquired by the lease have been originally capitalized in the amount of $19,042, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2020 was $4,146, leaving a current book value of $14,896. Principal payments in the 2020 fiscal year totaled $3,208.

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

Fiscal Year Ending June 30,	Amount
2021	$ 5,500
2022	5,500
2023	2,292
Present value of future minimum lease payments	$ 13,292

13. OPERATING LEASES

The Academy entered into a lease agreement for a building facility located at 2600 W. Sylvania Ave. Toledo, OH 43613. This building was purchased by New Plan Learning, Inc. on September 8, 2011 and leased to Horizon Science Academy of Toledo. The term of this Lease is from September 8, 2011 to June 30, 2041. The annual rent paid in fiscal year 2020 was $761,169.

14. RECEIVABLES

Receivables at June 30, 2020 consisted primarily of intergovernmental receivables. Most intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds.

15. CONTINGENCIES

Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Academy. In fiscal year 2020, the Academy received grants from State and Federal agencies total of $1,302,482.

16. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Academy. The investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Academy's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

17. SPONSORSHIP AGREEMENT

On July 1, 2004, Lucas County Educational Service Center assumed responsibility for sponsorship of the Academy. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. For the audit period, the contract was active from July 1, 2012 and expired June 30, 2019. On July 1, 2019, the contract was extended again through June 30, 2020. Effective January 1, 2012, the Lucas County Educational Service Center changed their name to the Educational Service Center of Lake Erie West. According to the contract, the Academy pays 2.5% of its foundation revenues to the Sponsor. In fiscal year 2020, the Academy's compensation to the Sponsor was $108,372.

18. MANAGEMENT COMPANY AGREEMENT

The Academy contracted with Concepts Schools, Inc. to serve as the Academy's management company. The contract is renewed automatically every year in one-year terms unless the Academy or the management company decides otherwise. The management contract was amended in fiscal year 2017. According to the amended terms, the management fee to the Academy is calculated on an annual basis. The fee will be ten percent (10%) of the Academy's total annual revenues. The fee is to be paid in monthly installments calculated on the funds received from the State. At the end of the fiscal year, the Academy will be assessed a liability for the remaining fee balance not already paid to the management company. In fiscal year 2020, the Academy paid $259,909 to Concept Schools for management services, and the remaining fee balance of $304,771 was forgiven by Concept Schools, and is reflected in the Statement of Revenues, Expenses and Change in Net Position as donated management fee.

19. RELATED PARTIES

The Board members for the Academy are also Board members for other Horizon Science Academy Schools that are managed by the same management company, Concept Schools, Inc.

20. SUBSEQUENT EVENT

On October 24, 2020, the Academy submitted an application to the U.S. Small Business Administration for forgiveness of the Paycheck Protection Program loan it received on May 6, 2020. Calculations included in the application indicated the Academy may be eligible for 100% forgiveness of the loan in the amount of $667,700.

REQUIRED SUPPLEMENTARY INFORMATION

Horizon Science Academy of Toledo
Schedule of the Academy's Proportionate Share of the Net Pension Liability
School Employees Retirement System (SERS) of Ohio

Last Seven Fiscal Years

	2020	2019	2018	2017
Academy's proportion of the net pension liability	0.00822880%	0.01135840%	0.01242610%	0.00935170%
Academy's proportionate share of the net pension liability	$ 492,344	$ 650,517	$ 742,432	$ 684,458
Academy's covered payroll	$ 276,919	$ 360,044	$ 427,607	$ 295,371
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	177.79%	180.68%	173.62%	231.73%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

See accompanying notes to the required supplementary information.

2016	2015	2014
0.00718360%	0.00843200%	0.00843200%
$ 409,903	$ 426,739	$ 501,424
$ 216,267	$ 245,014	$ 239,473
189.54%	174.17%	209.39%
69.16%	71.70%	65.52%

Horizon Science Academy of Toledo

Schedule of the Academy's Proportionate Share of the Net Pension Liability

State Teachers Retirement System (STRS) of Ohio

Last Seven Fiscal Years

	2020	**2019**	**2018**	**2017**
Academy's proportion of the net pension liability	0.01963150%	0.02124762%	0.02278412%	0.02291494%
Academy's proportionate share of the net pension liability	$ 4,341,388	$ 4,671,875	$ 5,412,417	$ 7,670,321
Academy's covered payroll	$ 2,293,064	$ 2,415,879	$ 2,513,064	$ 2,401,007
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	189.33%	193.38%	215.37%	319.46%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

See accompanying notes to the required supplementary information.

2016		2015		2014	
	0.02388927%		0.02904075%		0.02094075%
$	6,602,295	$	5,093,518	$	6,067,362
$	2,492,443	$	2,139,562	$	1,716,092
	264.89%		238.06%		353.56%
	72.10%		74.70%		69.30%

Horizon Science Academy of Toledo
Schedule of the Academy's Pension Contributions
School Employees Retirement System (SERS) of Ohio

Last Ten Fiscal Years

	2020	**2019**	**2018**	**2017**
Contractually required contribution	$ 47,429	$ 37,384	$ 48,606	$ 59,865
Contributions in relation to the contractually required contribution	(47,429)	(37,384)	(48,606)	(59,865)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 338,779	$ 276,919	$ 360,044	$ 427,607
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
$ 41,352	$ 28,504	$ 33,959	$ 33,143	$ 19,091	$ 16,510
(41,352)	(28,504)	(33,959)	(33,143)	(19,091)	(16,510)
$ -	$ -	$ -	$ -	$ -	$ -
$ 295,371	$ 216,267	$ 245,014	$ 239,473	$ 141,941	$ 131,344
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

Horizon Science Academy of Toledo
Schedule of the Academy's Pension Contributions
State Teachers Retirement System (STRS) of Ohio

Last Ten Fiscal Years

	2020	2019	2018	2017
Contractually required contribution	$ 323,669	$ 321,029	$ 338,223	$ 351,829
Contributions in relation to the contractually required contribution	(323,669)	(321,029)	(338,223)	(351,829)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 2,311,921	$ 2,293,064	$ 2,415,879	$ 2,513,064
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2016		2015		2014		2013		2012		2011	
$	336,141	$	348,942	$	278,143	$	223,092	$	142,942	$	148,902
	(336,141)		(348,942)		(278,143)		(223,092)		(142,942)		(148,902)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,401,007	$	2,492,443	$	2,139,562	$	1,716,092	$	1,099,554	$	1,145,400
	14.00%		14.00%		13.00%		13.00%		13.00%		13.00%

Horizon Science Academy of Toledo
Schedule of the Academy's Proportionate Share of the Net OPEB Liability/Asset
School Employees Retirement System (SERS) of Ohio

Last Four Fiscal Years

	2020	2019	2018	2017
Academy's proportion of the net OPEB liability	0.00834030%	0.01140580%	0.01255940%	0.00891600%
Academy's proportionate share of the net OPEB liability	$ 209,741	$ 316,428	$ 337,061	$ 254,139
Academy's covered payroll	$ 276,919	$ 360,044	$ 427,607	$ 295,371
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	75.74%	87.89%	78.82%	86.04%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

See accompanying notes to the required supplementary information.

Horizon Science Academy of Toledo
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
State Teachers Retirement System (STRS) of Ohio

Last Four Fiscal Years

	2020	2019	2018	2017
Academy's proportion of the net OPEB liability/asset	0.01963150%	0.02124762%	0.02278412%	0.02291494%
Academy's proportionate share of the net OPEB liability/(asset)	$ (325,145)	$ (341,428)	$ 888,952	$ 1,225,497
Academy's covered payroll	$ 2,293,064	$ 2,415,879	$ 2,513,064	$ 2,401,007
Academy's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.18%	14.13%	35.37%	51.04%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

See accompanying notes to the required supplementary information.

Horizon Science Academy of Toledo
Schedule of the Academy's OPEB Contributions
School Employees Retirement System (SERS) of Ohio

Last Ten Fiscal Years

	2020	2019	2018	2017
Contractually required contribution	$ 2,402	$ 6,042	$ 7,441	$ 6,613
Contributions in relation to the contractually required contribution	(2,402)	(6,042)	(7,441)	(6,613)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 338,779	$ 276,919	$ 360,044	$ 427,607
Contributions as a percentage of covered payroll	0.71%	2.18%	2.07%	1.55%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
$ 2,105	$ 6,357	$ 4,553	$ 9,354	$ 1,829	$ 1,600
(2,105)	(6,357)	(4,553)	(9,354)	(1,829)	(1,600)
$ -	$ -	$ -	$ -	$ -	$ -
$ 295,371	$ 216,267	$ 245,014	$ 239,473	$ 141,941	$ 131,344
0.71%	2.94%	1.86%	3.91%	1.29%	1.22%

Horizon Science Academy of Toledo
Schedule of the Academy's OPEB Contributions
State Teachers Retirement System (STRS) of Ohio

Last Ten Fiscal Years

	2020	2019	2018	2017
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Academy's covered payroll	$ 2,311,921	$ 2,293,064	$ 2,415,879	$ 2,513,064
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

2016	2015	2014	2013	2012	2011
$ -	$ -	$ 21,302	$ 15,935	$ 10,203	$ 10,636
-	-	(21,302)	(15,935)	(10,203)	(10,636)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,401,007	$ 2,492,443	$ 2,139,562	$ 1,716,092	$ 1,099,554	$ 1,145,400
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2020.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% 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 methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

SUPPLEMENTARY INFORMATION

Horizon Science Academy of Toledo
Lucas County
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	(C) Through Entity Number	Federal CFDA Number	(A) Expenditures
United States Department of Agriculture			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
(D) National School Lunch Program	2020	10.555	$ 145,825
(D) National School Lunch Program - COVID-19	2020	10.555	10,514
Total National School Lunch Program			156,339
(D) School Breakfast Program	2020	10.553	41,249
(D) School Breakfast Program - COVID-19	2020	10.553	3,090
Total School Breakfast Program			44,339
Total Child Nutrition Cluster			200,678
Total United States Department of Agriculture			**200,678**
United States Department of Education			
Passed Through Ohio Department of Education			
(E) Title I Grants to Local Educational Agencies - Non-competitive, Supplemental School Improvement	2020	84.010	52,500
(E) Title I Grants to Local Educational Agencies	2020	84.010	440,196
Total Title I Grants to Local Educational Agencies			492,696
Special Education Cluster (IDEA):			
(E) Special Education - Grants to States	2020	84.027	145,553
(E) Special Education - Preschool Grants	2020	84.173	563
Total Special Education Cluster (IDEA)			146,116
(E),(F) English Language Acquisition State Grants	2020	84.365	5,794
(E) Supporting Effective Instruction State Grants	2020	84.367	111,099
(E) Student Support and Academic Enrichment Program	2020	84.424	32,715
Total United States Department of Education			**788,420**
Total Federal Financial Assistance			**$ 989,098**

See accompanying notes to the Schedule of Expenditures of Federal Awards

Horizon Science Academy of Toledo
Lucas County
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

NOTE A
The schedule includes the federal award activity of the Horizon Science Academy of Toledo under programs of the federal government for the fiscal year ended June 30, 2020 and is prepared in accordance with the accrual basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Horizon Science Academy of Toledo, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Horizon Science Academy of Toledo.

NOTE B
CFR 200.414 allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Academy has not elected to use the 10% de minimis indirect cost rate.

NOTE C
OAKS did not assign pass-through numbers for fiscal year 2020.

NOTE D
Commingled with state and local revenue from sales of breakfasts and lunches; assumed expenditures were made on a first-in, first-out basis.

NOTE E
The following amounts were transferred to the Schoolwide Building Program Fund based on ODE administrative action and transferability guidelines during fiscal year 2020:

SCHOOLWIDE POOL

Fund	CFDA	Transfer In	Transfer Out
Schoolwide Building Program Fund	N/A	$ 787,562	$ -
Title I Grants to Local Education Agencies			
Non-competitive, Supplemental School Improvement	84.010	-	52,500
Title I Grants to Local Education Agencies	84.010	-	439,338
Special Education - Grants to States	84.027	-	145,553
Special Education - Preschool Grants	84.027	-	563
Student Support and Academic Enrichment Program	84.424	-	32,715
English Language Acquisition State Grants	84.365	-	5,794
Supporting Effective Instruction State Grants	84.367	-	111,099
Total Schoolwide Pool		**$ 787,562**	**$ 787,562**

NOTE F
Monies awarded by the U.S. Department of Education to the Horizon Science Academy Lorain and passed through to Horizon Science Academy of Toledo. The Horizon Science Academy Lorain was the lead local educational agency (LEA) and fiscal agent for the Title III Consortium in fiscal year 2020.

Julian & Grube
333 County Line Road, West
Westerville, OH 43082
614-846-1899
jginc.biz

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Horizon Science Academy of Toledo
Lucas County
2600 West Sylvania Avenue
Toledo, Ohio 43613

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Horizon Science Academy of Toledo, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Horizon Science Academy of Toledo's basic financial statements, and have issued our report thereon dated January 6, 2021, wherein we noted, as described in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Horizon Science Academy of Toledo's internal control over financial reporting (internal control) as a basis for designing 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 Horizon Science Academy of Toledo's internal control. Accordingly, we do not express an opinion on the effectiveness of the Horizon Science Academy of Toledo'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 Horizon Science Academy of Toledo'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 Horizon Science Academy of Toledo'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 financial statements. 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 Horizon Science Academy of Toledo'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 Horizon Science Academy of Toledo's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
January 6, 2021

Julian & Grube

333 County Line Road, West
Westerville, OH 43082
614-846-1899

jginc.biz

**Independent Auditor's Report on Compliance for the Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Horizon Science Academy of Toledo
Lucas County
2600 West Sylvania Avenue
Toledo, Ohio 43613

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Horizon Science Academy of Toledo's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Horizon Science Academy of Toledo's major federal program for the fiscal year ended June 30, 2020. The Horizon Science Academy of Toledo's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Horizon Science Academy of Toledo complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
January 6, 2021

HORIZON SCIENCE ACADEMY OF TOLEDO
LUCAS COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
*(d)(1)(*ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Program (listed):*	Title I Grants to Local Educational Agencies, CFDA #84.010
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: > $750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

HORIZON SCIENCE ACADEMY OF TOLEDO
LUCAS COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2020

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2019-001	2019	Significant Deficiency - Financial Statement Presentation - An accounting and information system should be designed to provide management with accurate and timely information to enable well informed business decisions to be made and prevent or detect material misstatements for accurate presentation of the Academy's financial statements. The Academy's financial statements required an adjustment to properly present financial information for the fiscal year ended June 30, 2019.	Corrective Action Taken and Finding is Fully Corrected	N/A

OHIO AUDITOR OF STATE
KEITH FABER

HORIZON SCIENCE ACADEMY OF TOLEDO

LUCAS 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 3/30/2021

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