PATRIOT PREPARATORY ACADEMY
FRANKLIN COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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

Governing Board
Patriot Preparatory Academy
4938 Beatrice Drive
Columbus, Ohio 43227

We have reviewed the *Independent Auditor's Report* of Patriot Preparatory Academy, Franklin County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2020 through June 30, 2021. 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. Patriot Preparatory Academy is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 03, 2022

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Franklin County
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Independent Auditor's Report

Board of Education
Patriot Preparatory Academy
4938 Beatrice Drive
Columbus, Ohio 43227

Report on the Financial Statements

We have audited the accompanying financial statements of Patriot Preparatory Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patriot Preparatory Academy, Franklin County, Ohio, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements for the fiscal year ended June 30, 2021, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Academy. In addition, as discussed in Note 15 to the financial statements, the Academy discovered errors in previously reported liabilities due to an unreported capital lease, which resulted in a restatement of its June 30, 2020 net position. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Academy's proportionate share of the net pension liability, the schedule of the Academy's proportionate share of the net OPEB liability (asset), and the schedule of Academy contributions on pages 4 through 10 and 43 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The schedule of federal awards expenditures 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 federal awards expenditures 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 December 15, 2021 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Academy'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 Academy's internal control over financial reporting and compliance.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 15, 2021

The management's discussion and analysis of Patriot Preparatory Academy's (the Academy) financial performance provides an overall view of the Academy's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the Academy's financial performance.

Key Financial Highlights of the Academy

Key 2021 financial highlights for the Academy are as follows:

- The Academy saw the net position increase by $1,581,350 during fiscal year 2021. The Academy is required to report a net pension liability and OPEB liability of $6,402,188 as some of the components that significantly reduces the Academy's net position. By removing the items, and related deferrals, included from GASB 68 and GASB 75, the Academy would report a net position of $4,922,947.

- The total assets of the Academy were $8,337,817 as of June 30, 2021 which is up over 15% from fiscal year 2020. The Academy saw the cash balance increase over $1 million with the higher FTE counts and additional grant revenues.

- The Academy decreased the overall debt associated with the Academy by $778,281. The Academy was successful in getting the PPP loan forgiven under the program. The loan was reported as a liability since the forgiveness wasn't approved as of June 30, 2020. On November 2, 2020, the Academy was notified by the Small Business Administration that the loan was forgiven.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of three components: the management discussion and analysis, the basic financial statements and notes to those statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position presents information on all the Academy's assets, deferred outflows, liabilities and deferred inflows, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Academy's net position changed during the most recent fiscal year.

The statement of cash flows presented the sources and uses of the Academy's cash and how it changed during the most recent fiscal year.

Financial Analysis

Table 1 provides a summary of the Academy's net position at fiscal year-end for fiscal years 2021 and 2020 (GAAP basis).

	2021	Restated 2020
Assets:		
Current and Other Assets	$ 2,669,377	$ 1,493,531
Noncurrent Assets	5,668,440	5,742,127
Total Assets	8,337,817	7,235,658
Deferred Outflows	1,767,914	1,557,442
Liabilities		
Current Liabilities	753,052	668,363
Long-term Liabilities		
Net Pension Liability	5,839,548	5,058,904
OPEB Liability	562,640	677,333
Other Long-term Liabilities	2,661,818	3,435,432
Total Liabilities	9,817,058	9,840,032
Deferred Inflows	914,604	1,160,349
Net Position:		
Net investment in capital assets	2,779,646	2,678,252
Restricted	47,189	66,961
Unrestricted (Deficit)	(3,452,766)	(4,952,494)
Total Net Position	$ (625,931)	$ (2,207,281)

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Academy also reports under GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability/asset*. 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.

Other than the pension items, the Academy saw current assets increase by $1,137,352 as the Academy saw the cash activity increase over $1 million in addition to the intergovernmental receivable being higher than the prior year. The Academy's cash balance increased due to increased FTE counts and solid fiscal management of those resources. The current liabilities increased as there were additional accounts payable at year end for the kitchen remodel project and the accrued wages increased with a higher number of staff. Other long-term liabilities decreased as the Academy previously reported the PPP loan as a liability.

Financial Analysis

Table 2 shows the change in net position for the fiscal years ended June 30, 2021 and June 30, 2020.

Changes in Net Position

	2021	Restated 2020
Operating Revenues:		
State Foundation	$ 6,386,000	$ 4,874,121
Charges for Services/Fees	21,545	285,767
Other	133,766	161,069
Total Operating Revenues	6,541,311	5,320,957
Operating Expenses:		
Salaries	3,456,216	3,042,227
Fringe Benefits	1,287,913	1,243,407
Purchased Services	929,815	916,215
Materials and Supplies	401,839	519,387
Depreciation	298,455	286,994
Other	1,287	56,143
Total Operating Expenses	6,375,525	6,064,373
Operating Income (Loss)	165,786	(743,416)
Nonoperating Revenues (Expenses)		
Federal and State Grants	1,559,448	791,901
Interest Expenses	(143,884)	(182,266)
Total Nonoperating Revenues (Expenses)	1,415,564	609,635
Special Item	-	55,307
Change in Net Position	1,581,350	(78,474)
Net Position, Beginning of Year	(2,207,281)	(2,128,807)
Net Position, End of the Year	$ (625,931)	$ (2,207,281)

As the student population increased by about fifty-three FTE, the Academy saw the foundation revenue increase over last year by almost $1,512,000. The federal and state grant revenue increase as the Academy saw more students eligible for grants plus the Academy recognized the contribution to forgive the PPP loan from the federal government during 2021. The Academy's operating expenses were higher in fiscal year 2021 as the Academy increased personnel costs associated with additional students.

Budget Highlights

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided by the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on a bi-annual basis.

Capital Assets

At the end of 2021, the Academy had $5,668,440 (net of $4,442,738 in accumulated depreciation) invested in land, buildings and improvements, and furniture and equipment. Table 3 shows the fiscal year 2021 balances compared to fiscal year 2020:

Table 3
Capital Assets at June 30 (net)

	2021	2020	Change
Land and CIP	$339,127	$228,970	$110,157
Building and Improvements	5,063,051	5,291,804	(228,753)
Furniture, Equipment and Vehicles	266,262	221,353	44,909
Totals	$5,668,440	$5,742,127	($73,687)

For more information on the Academy's capital assets refer to note 6 of the notes to the financial statements.

Debt

At June 30, 2021, the Academy paid off the promissory note due to Liberty Christian Academy (former lessor) for $600,000 with a 5.75% interest rate, term of eighty-four months and final maturity of November 1, 2020. In prior years, the Academy combined the other long term financings to finance the initial and second phases renovation construction project for $2,945,552. The current balance of that issuance is $2,753,952. For more information on the Academy's debt refer to Note 11 of the notes to the financial statements.

Current Financial Issues

The Academy continues to see strong enrollment. The Academy received funding in 2020 based on 657 FTE students, which increased to 710 as of the final 2021 foundation report. The Academy receives its funding mostly from state aid. Foundation revenue for fiscal year 2022 as of October 2021 amounts to $5,401,753 on 715 FTE, which is up slightly over fiscal year 2021.

Contacting the Academy

This financial report is designed to provide a general overview of the finances of the Academy and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the Academy, 4938 Beatrice Drive, Columbus, Ohio 43227-2113.

PATRIOT PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF NET POSITION

AS OF JUNE 30, 2021

Assets:	
Current assets:	
Cash and cash equivalents	$ 2,165,659
Accounts receivable	1,479
Intergovernmental receivable	207,503
Total current assets	2,374,641
Noncurrent assets:	
Net OPEB asset	294,736
Capital assets:	
Nondepreciable capital assets	339,127
Depreciable capital assets	5,329,313
Total capital assets	5,668,440
Total noncurrent assets	5,963,176
Total Assets	8,337,817
Deferred Outflows of Resources:	
Pension	1,516,878
OPEB	251,036
Total Deferred Outflows of Resources	1,767,914
Liabilities:	
Current liabilities	
Accounts payable	136,468
Accrued wages and benefits payable	329,750
Intergovernmental payable	59,858
Current portion of leases payable	34,485
Current portion of long term debt	192,491
Total current liabilities	753,052
Long term liabilities	
Net Pension liability	5,839,548
Net OPEB liability	562,640
Leases payable (net of current)	100,357
Long term debt (net of current)	2,561,461
Total long term liabilities	9,064,006
Total Liabilities	9,817,058
Deferred Inflows of Resources:	
Pension	112,741
OPEB	801,863
Total Deferred Inflows of Resources	914,604
Net Position:	
Net investment in capital assets	2,779,646
Restricted for grants	47,189
Unrestricted (Deficit)	(3,452,766)
Total Net Position	$ (625,931)

See accompanying notes to the basic financial statements

PATRIOT PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating revenues:		
Foundation payments	$	6,386,000
Classroom fees		3,268
Donations		5,095
Charges for services		18,277
Extracurricular activities		29,273
Other operating revenues		99,398
Total operating revenues		6,541,311
Operating expenses:		
Salaries		3,456,216
Fringe benefits		1,051,179
Changes in net pension and OPEB		236,734
Purchased services		929,815
Materials and supplies		401,839
Depreciation		298,455
Other operating expenses		1,287
Total operating expenses		6,375,525
Operating Income		165,786
Non-Operating revenues and expenses:		
Federal grants		1,559,448
Interest and fiscal charges		(143,884)
Total non-operating revenues and expenses		1,415,564
Change in net position		1,581,350
Net position at beginning of year - Restated		(2,207,281)
Net position at end of year	$	(625,931)

See accompanying notes to the basic financial statements

PATRIOT PREPARATORY ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Increase (decrease) in cash and cash equivalents	
Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	$ 6,364,155
Cash received from classroom materials and fees and user fees	49,955
Cash received from other operating revenues	124,545
Cash payments for personal services	(4,560,220)
Cash payments for purchased services	(941,064)
Cash payments for supplies and materials	(429,313)
Cash payments for other expenses	(1,740)
Net cash provided by operating activities	606,318
Cash flows from noncapital financing activities:	
Cash received from state and federal grants	863,444
Net cash provided by noncapital financing activities	863,444
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(51,363)
Principal paid on debt obligations	(264,340)
Interest paid on debt obligations	(143,884)
Net cash used by capital and related financing activities	(459,587)
Net change in cash and cash equivalents	1,010,175
Cash and Cash Equivalents at beginning of year	1,155,484
Cash and Cash Equivalents at end of year	2,165,659
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income	165,786
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	298,455
Change in assets and liabilities:	
Decrease in accounts receivable	4,136
Increase in intergovernmental receivable	(38,509)
Increase in deferred outflows	(210,472)
Decrease in accounts payable	(28,163)
Increase in accrued wages and benefits	23,538
Increase in intergovernmental payable	9,835
Decrease in deferred inflows	(245,745)
Increase in net pension/opeb asset/liability	627,457
Net cash provided by operating activities	$ 606,318

Non-cash transactions:

The Academy added capital assets of $84,146 through accounts payables and $89,259 through leases payable at 6/30/21.

The Academy had the prior year PPP Loan of $603,200 forgiven during the year.

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

Patriot Preparatory Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 3314 and 1702. The Academy's mission is to provide an orderly and supportive environment whereby students experience preparations for college, career and life. The Academy operates on a foundation which fosters character building for all students, parents and staff members. The Academy, which is part of the State's education program, is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Reynoldsburg City Academy Board of Education (the Sponsor) for a period of five years commencing July 1, 2010 and ending June 30, 2015. The contract was renewed and in place for the period July 1, 2015 until June 30, 2017. The Academy switched sponsors to St. Aloysius Orphanage for July 1, 2017 to June 30, 2021. The contract was renewed through June 30, 2026. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy is not considered a component unit for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus."

The Academy operates under the direction of a seven member Governing Board. The Governing Board is responsible for carrying out the provisions of the contract, which include but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Governing Board controls the Academy's instructional/support facility staffed by 29 non-certified and 62 certified employees serving 710 students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

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

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

D. Cash and Investments

All monies received by the Academy are accounted for by the Academy's treasurer. All cash received is maintained in accounts in the Academy's name. Monies for the Academy are maintained in bank accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

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 values as of the date received. The Academy maintains a capitalization threshold of $5,000. The Academy does not possess any infrastructure.

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

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

Description	Estimated Lives
Building and Improvements	25
Furniture, Equipment and Vehicles	10

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Intergovernmental Revenues

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

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Amounts awarded under the items above for the year ended June 30, 2021 totaled $7,945,448. $603,200 of the total awarded relates to the federal government's forgiveness of the Academy's payroll protection program loan received during fiscal year 2020.

G. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position. (See Notes 9 and 10)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Pensions/Other Postemployment Benefits (OPEB)

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

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts disclosure. Accordingly, actual results may differ from those estimates.

K. Operating Revenues and Expenses

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

NOTE 3 – CASH AND CASH EQUIVALENTS

At fiscal year end June 30, 2021, the carrying amount of the Academy's deposits was $2,165,659, and the bank balance was $2,289,006. Of the bank balance, $1,989,450 was not exposed to custodial credit risk as discussed below, while $299,556 was covered by Federal Deposit Insurance.

The Academy has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 4 – PURCHASED SERVICES

For the fiscal year ended June 30, 2021, purchased services expenses are as follows:

Food Service	$	108,498
Professional and Technical		272,398
Sponsorship		160,810
Utilities		57,999
Legal Services		76,047
Communications		15,274
Travel/Meetings/Transportation		15,832
Property Services		134,775
Other		88,182
	$	929,815

NOTE 5 – RECEIVABLES

Receivables at June 30, 2021, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. The Academy reported $22,453 state and federal lunch subsidies, $32,863 for ESSER, $607 for Coronavirus Relief Grants, $36,319 for Title VI-B, $54,659 for Title I, $4,493 for Preschool, $4,510 for Title IIA, $4,513 for Title IV-A, $24,547 for SERS and $22,539 for foundation adjustments.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021:

	Balance 6/30/20	Additions	Deductions	Balance 6/30/21
Capital Assets Not Being Depreciated				
Land	$228,970	$0	$0	$228,970
Construction in Progress	0	110,157	0	110,157
Total Capital Assets Not Being Depreciated	228,970	110,157	0	339,127
Capital Assets Being Depreciated				
Building and Improvements	9,032,754	0	0	9,032,754
Furniture, Equipment and Vehicles	624,686	114,611	0	739,297
Total Capital Assets Being Depreciated	9,657,440	114,611	0	9,772,051
Less Accumulated Depreciation				
Building and Improvements	(3,740,950)	(228,753)	0	(3,969,703)
Furniture, Equipment and Vehicles	(403,333)	(69,702)	0	(473,035)
Total Accumulated Depreciation	(4,144,283)	(298,455)	0	(4,442,738)
Total Capital Assets Being Depreciated, Net	5,513,157	(183,844)	0	5,329,313
Capital Assets, Net	$5,742,127	($73,687)	$0	$5,668,440

NOTE 7 – SPONSORSHIP AGREEMENT

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

A. Support to ensure that the financial records of the Academy are maintained pursuant to rules of the Auditor of State.

B. Compliance with the policies and procedures regarding internal financial control of the Academy.

C. Compliance with the requirements and procedures for financial audits by the Auditor of State.

During the fiscal year, the Academy paid the Sponsor $160,810 in sponsorship fees.

NOTE 8 – RISK MANAGEMENT

A. Insurance Coverage

The Academy is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the fiscal year ending June 30, 2021, the Academy contracted with Cincinnati Insurance Company for the following insurance coverage:

Coverage	Limits of Coverage
General liability:	
Each occurrence	$ 1,000,000
Aggregate	5,000,000
Umbrella liability:	
Each occurrence	5,000,000
Aggregate	5,000,000
Business auto:	
Each occurrence	1,000,000
Empoyee benefits liability:	
Each occurrence	1,000,000
Aggregate	1,000,000

There was no significant reduction in coverage from the prior year. Settlement amount have not exceeded coverage amounts in each of the past three 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 gross payroll by a factor that is calculated by the State.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

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.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.

For the fiscal year ended June 30, 2021, the funding percentage was 68.55%; therefore, the allocation to pension, death benefits, and Medicare B was 14 percent. Nothing was allocated to the Health Care Fund for fiscal year 2021.

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

The Academy's contractually required contribution to SERS was $132,816 for fiscal year 2021. Of this amount $4,429 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was $374,014 for fiscal year 2021. Of this amount $39,025 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability -			
prior measurement date	0.0273687%	0.01547131%	
Proportion of the Net Pension Liability -			
current measurement date	0.0269382%	0.01677023%	
Change in proportionate share	-0.0004305%	0.001299%	
Proportionate Share of the Net			
Pension Liability	$1,781,749	$4,057,799	$5,839,548
Pension Expense	$95,205	$648,746	$743,951

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

At June 30, 2021, 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	$3,461	$9,104	$12,565
Net difference between projected and actual earnings on pension plan investments	113,107	197,331	310,438
Changes in proportion share	0	469,220	469,220
Changes in assumptions	0	217,825	217,825
Academy contributions subsequent to the measurement date	132,816	374,014	506,830
Total Deferred Outflows of Resources	$249,384	$1,267,494	$1,516,878
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$25,946	$25,946
Changes in proportion share	86,795	0	86,795
Total Deferred Inflows of Resources	$86,795	$25,946	$112,741

$506,830 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, 2022. 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:			
2022	$81,124	$311,279	$392,403
2023	28,337	203,837	232,174
2024	(47,145)	209,517	162,372
2025	(32,543)	142,901	110,358
Total	$29,773	$867,534	$897,307

NOTE 9 -- 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, 2020, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

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

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	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's proportionate share of the net pension liability	$2,440,779	$1,781,749	$1,228,811

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll increases	3.00 percent
Cost-of-Living Adjustments	0% effective July 1, 2017

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, 2020, valuation are based on the results of an actuarial experience study, for the period of 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 %	7.61 %

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

NOTE 9 -- DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	$5,777,599	$4,057,799	$2,600,411

NOTE 10 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

The net OPEB liability (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.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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 benefits is presented as a long-term *net OPEB liability (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 *intergovernmental payable* on the accrual basis of accounting.

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.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, The Board seeks to maintain a funded ratio of at least 90% for basic pension benefits. If the basic benefit funded ratio is less than 70%, the entire 14% of the employers' contributions will be allocated to basic pension benefits. If the funded ratio is at least 70% but less than 80%, the minimum portion of the employers' contribution allocated to basic pension benefits is 13.50% of payroll; the remaining 0.50% may be allocated to the Heath Care Fund at the Board's discretion. If the funded ratio is at least 80% but less than 90%, at least 13.25% of the employers' contribution will be allocated to basic pension benefits with the remaining 0.75% being allocated to the Health Care Fund at the Board's discretion. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund basic pension benefits.

For fiscal year 2021, the contribution to health care was 0 percent. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Academy paid $11,903 for the SERS surcharge.

The Academy's contractually required contribution to SERS was $6,863 for fiscal year 2021.

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. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS Ohio did not allocate any employer contributions to post-employment health care.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability (asset) was based on the Academy's share of contributions to the OPEB plan 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 Pension Liability (Asset) -			
prior measurement date	0.0269340%	0.01547131%	
Proportion of the Net OPEB Liability (Asset) -			
current measurement date	0.0258884%	0.01677023%	
Change in proportionate share	-0.001046%	0.001299%	
Proportionate Share of the Net			
OPEB Liability/(Asset)	$562,640	($294,736)	$267,904
OPEB Expense (Income)	($26,271)	($32,747)	($59,018)

At June 30, 2021, 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	$7,390	$18,887	$26,277
Net difference between projected and			
actual earnings on pension plan investments	6,039	10,329	16,368
Changes in proportion share	63,428	37,325	100,753
Changes in assumptions	95,910	4,865	100,775
Academy contributions subsequent to the			
measurement date	6,863	0	6,863
Total Deferred Outflows of Resources	$179,630	$71,406	$251,036
Deferred Inflows of Resources			
Differences between expected and			
actual experience	$ 286,142	$ 58,708	$ 344,850
Changes in assumptions	14,171	279,951	294,122
Change in proportionate share	162,891	0	162,891
Total Deferred Inflows of Resources	$463,204	$338,659	$801,863

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

$6,863 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in net OPEB asset in the year ending June 30, 2022. 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:			
2022	($55,206)	($67,377)	($122,583)
2023	(54,746)	(60,385)	(115,131)
2024	(54,672)	(57,932)	(112,604)
2025	(65,032)	(56,417)	(121,449)
2026	(48,183)	(11,468)	(59,651)
Thereafter	(12,598)	(13,674)	(26,272)
Total	($290,437)	($267,253)	($557,690)

Actuarial Assumptions - SERS

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

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

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

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in 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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Academy's proportionate share of the net OPEB liability	$688,657	$562,640	$462,456

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Academy's proportionate share of the net OPEB liability	$443,036	$562,640	$722,580

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020 actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent, effective July 1, 2017 (COLA)
Blended Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

STRS'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 %	7.61 %

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

NOTE 10 – DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. 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, 2020.

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, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB asset	($256,440)	($294,736)	($327,230)

	1% Decrease	Current Trent Rate	1% Increase
Academy's proportionate share of the net OPEB asset	($325,213)	($294,736)	($257,612)

NOTE 11 – DEBT

The Academy has a mortgage payable from Peoples Bank during fiscal year 2021. The mortgage was issued with a floating rate issue that is backed with a Swap agreement to stabilize the interest rate to the stated fixed rate position. The Academy also retired promissory note payable with Liberty Christian Academy during the year. The Academy's PPP loan was forgiven during the year. The Academy has two outstanding lease payables for bus purchases. All of the obligations are secured by the Academy's building and other assets. The principal paid towards the debt obligations were $264,340 during fiscal year 2021. Long-term debt outstanding for the Academy as of June 30, 2021 was as follows:

	Description	Balance 06/30/20	Additions	Deletions	Balance 06/30/21	Due Within One Year
(a)	Note from Direct Borrowing	$42,883	$0	$42,883	$0	$0
(b)	Mortgage from Direct Borrowing	2,945,552	0	191,600	2,753,952	192,491
(c)	PPP Loan from Direct Placement	603,200	0	603,200	0	0
	Total	$3,591,635	$0	$837,683	$2,753,952	$192,491

Other long-term obligation for the Academy as of June 30, 2021 was as follows:

	Description	Restated Balance 06/30/20	Additions	Deletions	Balance 06/30/21	Due Within One Year
(d)	Capital Lease	$75,440	$89,259	$29,857	$134,842	$34,485
(e)	Net Pension Liability					
	SERS	1,637,517	144,232	0	1,781,749	0
	STRS	3,421,387	636,412	0	4,057,799	0
(f)	Net OPEB Liability					
	SERS	677,333	0	114,693	562,640	0
	Total	$5,811,677	$869,903	$144,550	$6,537,030	$34,485

(a) The promissory note from Liberty Christian Academy was effective October 30, 2013 in the amount of $600,000 to help finance the acquisition of the Academy's facility. The note matured on November 1, 2020 at an interest rate of 5.75%.

(b) The Academy refinanced the prior outstanding debt issues reported at a fixed rate of 4.75% with a final maturity of August 15, 2029. The loan was issued with a floating rate issue that is backed with a Swap agreement to stabilize the interest rate to the stated fixed rate position.

(c) The Academy applied for a payroll protection loan through the CARES Act in fiscal year 2020. The funds were classified as a loan. The Academy submitted the application to have the loan reclassified to a grant under the terms of the CARES Act. In November 2020, the application for forgiveness was approved.

(d) The capital lease is related to two bus leases the Academy entered into for fiscal year 2020 and fiscal year 2021.

NOTE 11 – DEBT (continued)

(e) The Academy reports a portion of the unfunded net pension liability with the two retirement systems as described in Note 9.

(f) The Academy reports a portion of the unfunded net OPEB liability with the School Employees' retirement system as described in Note 10. The State Teachers' Retirement System reports a net OPEB asset for the current year.

Principal and interest requirements to retire mortgage payable outstanding at June 30, 2021 are as follows:

Fiscal Year	Mortgage Payable		
Ending June 30,	Principal	Interest	Total
2022	$192,491	$84,913	$277,404
2023	198,712	78,692	277,404
2024	205,133	72,271	277,404
2025	211,763	65,641	277,404
2026	219,276	58,793	278,069
2027-2029	1,726,577	132,855	1,859,432
Total	$2,753,952	$493,165	$3,247,117

NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The Academy entered into a bus lease during fiscal year 2020. The Academy also entered into a lease during fiscal year 2021 for another bus. The leases meet 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 leases were recorded as the present value of the future minimum lease payments as of the inception date. The Academy made principal payments in fiscal year 2021 totaled $29,857 and interest payments of $5,633.

The following is a schedule of the lease payments required under the capital leases as of June 30, 2021:

Fiscal Year	Capital Leases Payable		
Ending June 30,	Principal	Interest	Total
2022	$34,485	$4,811	$39,296
2023	36,054	3,241	39,295
2024	37,715	1,580	39,295
2025	20,149	359	20,508
2026	6,439	28	6,467
	$134,842	$10,019	$144,861

NOTE 13 – CONTIGENCIES

A. Grants

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability.

B. Academy Funding

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the Academy for fiscal year 2021.

ODE adjustments for fiscal year 2021 have been finalized. The Academy has reported a receivable of $22,539.

In addition, the Academy’s contract with their sponsor, St. Aloysius Orphanage, require payment based on revenue received from the State. The Academy will pay the additional sponsor fee during fiscal year 2022.

NOTE 14 – EMPLOYEE BENEFITS

The Academy provides nine (9) sick days and five (5) personal days to all employees. Employees will be reimbursed for each unused personal day at the end of the academic year at a rate determined by the board. Employees receive no reimbursement for unused sick days; however, those days roll over from year-to-year to a maximum accumulation of 45 days. In addition to the above, administrators and twelve-month employees receive vacation days.

The Academy offers health insurance through Anthem. There are four plans available for the employee. The cost to the board varies by plan. Patriot also offers dental and vision insurance to its employees through Anthem. 100% of the cost is charged to the employee. Life insurance is provided to each employee by the board in the amount of $50,000. Employees may purchase additional insurance and spousal/dependent child insurance at a cost to the employee, which is based on the carriers going rates.

NOTE 14 – EMPLOYEE BENEFITS (Continued)

The Academy also provides short-term disability at no cost to the employee for up to six months of disability leave. Short-term disability is self-funded; the payout is bracketed based on years served at the school. Long term disability insurance and accident insurance is available for the employee to purchase. Additionally, employees and spouses on the Academy's group insurance plan will receive a $100 premium credit if the spouse completes an annual preventative care visit and provides proof of the visit.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

During fiscal year 2020, the Academy entered into a lease purchase agreement for a 2020 international bus. The asset was recorded as part of the appraisal process but the liability was missed. The beginning net position was restated from ($2,134,302) to ($2,207,281) as part of bringing the balance of the liability on the statement as of June 30, 2020.

NOTE 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the school district received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

On November 2, 2020, the Federal Small Business Administration notified the Academy that the PPP loan was considered paid in full. The Academy submitted an application to have the loan forgiven and it was converted to a grant. Also during fiscal year 2021, the School District received $206,183 in ESSER and $23,316 Coronavirus Relief grant funding.

NOTE 17 – SUBSEQUENT EVENTS

For fiscal year 2022, Academy foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Fiscal Eight Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
The Academy's Proportion of the Net Pension Liability	0.0269382%	0.0273687%	0.0340149%	0.030421%	0.031531%	0.034286%	0.036008%	0.036008%
The Academy's Proportion Share of the Net Pension Liability	$ 1,781,749	$ 1,637,517	$ 1,948,096	$ 1,817,576	$ 2,307,793	$ 1,956,404	$ 1,822,344	$ 2,141,280
The Academy's Covered Payroll	$ 1,067,629	$ 1,041,364	$ 1,118,157	$ 886,086	$ 1,129,198	$ 1,368,371	$ 1,046,307	$ 966,423
The Academy's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	166.89%	157.25%	174.22%	205.12%	204.37%	142.97%	174.17%	221.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

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

See accompanying notes to the required supplementary information

Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Fiscal Eight Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
The Academy's Proportion of the Net Pension Liability	0.01677023%	0.01547131%	0.01430074%	0.01316934%	0.01252487%	0.01311537%	0.01268058%	0.01268058%
The Academy's Proportion Share of the Net Pension Liability	$ 4,057,799	$ 3,421,387	$ 3,144,412	$ 3,128,405	$ 4,192,452	$ 3,624,705	$ 3,084,356	$ 3,674,065
The Academy's Covered Payroll	$ 2,035,293	$ 1,797,814	$ 1,651,257	$ 1,374,000	$ 1,285,933	$ 1,032,193	$ 1,295,605	$ 1,312,245
The Academy's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.37%	190.31%	190.43%	227.69%	326.02%	351.17%	238.06%	279.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	70.10%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

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

See accompanying notes to the required supplementary information

Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's Pension Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	$ 132,816	$ 149,468	$ 145,791	$ 156,542	$ 124,052	$ 149,167	$ 180,351	$ 145,018	$ 133,753	$ 107,160
Contributions in Relation to the Contractually Required Contribution	(132,816)	(149,468)	(145,791)	(156,542)	(124,052)	(149,167)	(180,351)	(145,018)	(133,753)	(107,160)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 948,686	$ 1,067,629	$ 1,041,364	$ 1,118,157	$ 886,086	$ 1,129,198	$ 1,368,371	$ 1,046,307	$ 966,423	$ 796,730
Contributions as a Percentage of Employee Payroll	14.00%	13.50%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information

Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	$ 374,014	$ 284,941	$ 251,694	$ 231,176	$ 192,360	$ 154,312	$ 144,507	$ 168,429	$ 170,592	$ 141,491
Contributions in Relation to the Contractually Required Contribution	(374,014)	(284,941)	(251,694)	(231,176)	(192,360)	(154,312)	(144,507)	(168,429)	(170,592)	(141,491)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 2,671,529	$ 2,035,293	$ 1,797,814	$ 1,651,257	$ 1,374,000	$ 1,285,933	$ 1,032,193	$ 1,295,605	$ 1,312,245	$ 1,088,393
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

(1) The Academy's first fiscal year was 2011.

See accompanying notes to the required supplementary information

Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
The Academy's Proportion of the Net OPEB Liability	0.0258884%	0.02693400%	0.0335488%	0.0295010%	0.0308280%
The Academy's Proportion Share of the Net OPEB Liability	$ 562,640	$ 677,333	$ 930,734	$ 791,729	$ 840,888
The Academy's Covered Payroll	$ 1,067,629	$ 1,041,364	$ 1,118,157	$ 886,086	$ 1,129,198
The Academy's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	52.70%	65.04%	83.24%	89.35%	74.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

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

See accompanying notes to the required supplementary information

Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability/Asset
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
The Academy's Proportion of the Net OPEB Liability/(Asset)	0.01677023%	0.01547131%	0.01430074%	0.01316934%	0.01252487%
The Academy's Proportion Share of the Net OPEB Liability/(Asset)	$ (294,736)	$ (256,242)	$ (230,000)	$ 513,819	$ 704,300
The Academy's Covered Payroll	$ 2,035,293	$ 1,797,814	$ 1,651,257	$ 1,374,000	$ 1,285,933
The Academy's Proportion Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	(14.25%)	(14.25%)	(13.93%)	37.40%	54.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	182.10%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

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

See accompanying notes to the required supplementary information

Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's OPEB Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	$ 6,863	$ 16,757	$ 5,400	$ 5,798	$ -	$ -	$ 16,102	$ 28,310	$ 22,167	$ 17,457
Contributions in Relation to the Contractually Required Contribution	(6,863)	(16,757)	(5,400)	(5,798)	-	-	(16,102)	(28,310)	(22,167)	(17,457)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 948,686	$ 1,067,629	$ 1,041,364	$ 1,118,157	$ 886,086	$ 1,129,198	$ 1,368,371	$ 1,046,307	$ 966,423	$ 796,730
Contributions as a Percentage of Covered Payroll	0.72%	1.57%	0.52%	0.52%	0.00%	0.00%	1.18%	2.71%	2.29%	2.19%

See accompanying notes to the required supplementary information

Patriot Preparatory Academy
Required Supplementary Information
Schedule of the Academy's OPEB Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,956	$ 13,122	$ 10,884
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	(12,956)	(13,122)	(10,884)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered Payroll	$ 2,671,529	$ 2,035,293	$ 1,797,814	$ 1,651,257	$ 1,374,000	$ 1,285,933	$ 1,032,193	$ 1,295,605	$ 1,312,245	$ 1,088,393
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

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

- -Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- -Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.20 percent
- -Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- -Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- -Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- -Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- -Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - STRS

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

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS (fiscal year 2017)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date: (1) The assumed rate of inflation was reduced from 3.25% to 3.00%, (2) Payroll growth assumption was reduced from 4.00% to 3.50%, (3) Assumed real wage growth was reduced from 0.75% to 0.50%, (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (5) 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, (6) 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, and (7) 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.

Changes in Assumptions – SERS (fiscal year 2018)

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.95 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Assumptions – SERS (fiscal year 2019)

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare		
	Fiscal year 2018	7.50 percent initially, decreasing to 5.00 percent
	Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Medicare		
	Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent
	Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent

Changes in Assumptions – SERS (fiscal year 2020)

Amounts reported for fiscal year 2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Medical Trend Assumption:	
Fiscal year 2020	
Medicare	5.25 to 4.75 percent
Pre-Medicare	-7 to 4.75 percent
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2020 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent.

Changes in Assumptions – SERS (fiscal year 2021)

Amounts reported for fiscal year 2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2021 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2021, health care cost trend rates changed from 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate to -6.69 percent to 11.87 percent initial, 4 percent ultimate.

For fiscal year 2020, health care cost trend rates changed from -5.23 percent to 8 percent initial, 4 percent ultimate to 4.93 percent to 9.62 percent initially and a 4.00 percent ultimate rate.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates changed from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate to a range of -5.23 percent to 8 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. The long-term rate of return was reduced to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

Non-Medicare increased from 1.984 percent to 2.055 percent effective January 1, 2021. Medicare subsidy increased to 2.10 percent effective January 1, 2021 for AMA Medicare Plan. Medicare Part B elimination postponed indefinitely.

For fiscal year 2020, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020. The Non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 021 to 2.10 percent from the Medicare Plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

Patriot Preparatory Academy
Franklin County
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Federal Awards Expenditures
United States Department of Agriculture			
Passed through the Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	3L70	10.553	$ 37,292
National School Lunch Program	3L60	10.555	58,843
COVID 19 School Breakfast Program	3L70	10.553	2,172
COVID 19 National School Lunch Program	3L60	10.555	3,706
Total Child Nutrition Cluster			102,013
Total United States Department of Agriculture			102,013
United States Department of Treasury			
Passed through the Ohio Department of Education			
COVID-19 - Coronavirus Relief Fund	N/A	21.019	25,572
Total United States Department of Treasury			25,572
United States Department of Education			
Passed through the Ohio Department of Education			
Special Education Cluster (IDEA)			
Special Education-Grants to States	3M20	84.027	154,787
Special Education Preschool Grants	3C50	84.173	1,800
Total Special Education Cluster (IDEA)			156,587
COVID-19 - Education Stabilization Fund	N/A	84.425D	225,244
COVID-19 - Education Stabilization Fund	N/A	84.425D	7,553
Total COVID-19 - Education Stabilization Fund			232,797
Title I Grants to Local Educational Agencies	3M00	84.010	322,680
Student Support and Academic Enrichment Program	3HI0	84.424	23,909
Supporting Effective Instruction State Grants	3Y60	84.367	55,518
Total United States Department of Education			791,491
Total Federal Financial Assistance			$919,076

N/A - pass through entity number not available.

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) is a summary of the activity of the Academy's federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Child Nutrition Cluster

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

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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*

Independent Auditor's Report

Board of Education
Patriot Preparatory Academy
4938 Beatrice Drive
Columbus, Ohio 43227

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 Patriot Preparatory Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 15, 2021, wherein we noted that the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Academy. We also noted that the Academy restated its June 30, 2020 net position due to a previously unreported capital lease liability.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) 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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 15, 2021

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Education
Patriot Preparatory Academy
4938 Beatrice Drive
Columbus, Ohio 43227

Report on Compliance for Each Major Federal Program

We have audited Patriot Preparatory Academy's (the Academy) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on 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 Academy's internal control over compliance.

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

Millhuff-Stang CPA/Inc.

Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

December 15, 2021

Section I – Summary of Auditor's Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	Title I Grants to Local Educational Agencies (AL #84.010); Special Education Cluster (IDEA) (AL #84.027; #84.173)
Dollar threshold used to distinguish between type A and type B programs:	Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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OHIO AUDITOR OF STATE
KEITH FABER

PATRIOT PREPARATORY ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/15/2022

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