EAGLE ELEMENTARY OF AKRON
SUMMIT COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Directors
Eagle Elementary of Akron
2199 5th St. SW
Akron, OH 44314

We have reviewed the *Independent Auditor's Report* of Eagle Elementary of Akron, Summit County, prepared by Zupka & Associates, for the audit period July 1, 2022 through June 30, 2023. 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. Eagle Elementary of Akron is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

May 10, 2024

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EAGLE ELEMENTARY OF AKRON
SUMMIT COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Eagle Elementary of Akron
Summit County
2199 5th St. SW
Akron, Ohio 44314

To the Members of the Board:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Eagle Elementary of Akron, Summit County, Ohio, (the Academy) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eagle Elementary of Akron as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As described in Note 16 to the basic financial statements, the Academy is experiencing financial difficulties and management has a plan in regard to this matter. The basic financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, 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.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

April 22, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The discussion and analysis of the Eagle Elementary of Akron's (formerly known as STEAM Academy of Akron) (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the financial statements and notes to the financial statements to enhance their understanding of the Academy's financial performance. The first year of the Academy's operations was 2012. The Academy, with approval from the Ohio Department of Education, voluntarily ceased operations for one year during July 1, 2012, through June 30, 2013, due to low enrollment.

FINANCIAL HIGHLIGHTS

Key highlights for fiscal year 2023 are as follows:

- Net position decreased by $305,819.
- Operating expenses accounted for $2,133,327 of the Academy's expenses totaling $2,200,607.
- Operating revenues accounted for $1,010,973 of the Academy's revenues totaling $1,894,788.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report consists of three parts: required supplemental information, the basic financial statements, and the notes to the financial statements. These statements are organized so the reader can understand the financial position of the Academy. 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 net position answers the question of how well the Academy performed financially during 2023. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The statement of cash flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

FINANCIAL ANALYSIS OF ACADEMY AS A WHOLE

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from the governmental-wide financial statements is included in the discussion and analysis.

FINANCIAL ANALYSIS OF ACADEMY AS A WHOLE (continued)

Table 1 provides a summary of Academy's net position for 2023 as compared to 2022:

(Table 1)
Statement of Net Position

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	36,309	93,992
Intergovernmental Receivable	127,232	110,982
Prepaid Expense	-	448,325
Total Current Assets	163,541	653,299
Noncurrent Assets		
Capital Assets, net of Accumulated Depreciation	2,387,765	171,423
Net OPEB Asset	144,695	105,168
Total Noncurrent Assets	2,532,460	276,591
Total Assets	2,696,001	929,890
Deferred Outflows of Resources		
Pension & OPEB	526,059	487,045
Liabilities		
Current Liabilities		
Accounts Payable	247,538	65,613
Accrued Expenses	43,962	43,962
Accounts Payable, Related Party	69,285	136,200
Advance Payable	196,343	170,999
Accrued Interest	14,058	-
Current Portion of Long-Term Debt	68,802	79,853
Total Current Liabilities	639,988	496,627
Noncurrent Liabilities		
Net Pension Liabilities	1,315,053	695,671
Net OPEB Liability	19,516	30,414
Noncurrent Portion of Long-Term Debt	2,320,374	371,701
Total Noncurrent Liabilities	3,654,943	1,097,786
Total Liabilities	4,294,931	1,594,413
Deferred Inflows of Resources		
Pension & OPEB	459,232	1,048,806
Net Position		
Investment in Capital Assets	328,986	9,509
Restricted	34,243	-
Unrestricted	(1,895,332)	(1,235,793)
Total Net Position	(1,532,103)	(1,226,284)

FINANCIAL ANALYSIS OF ACADEMY AS A WHOLE (continued)

During the year, Intergovernmental Receivables increased due to reimbursable expenses incurred but not reimbursed prior to year-end, Prepaid Expenses decreased due to the balance being applied to rent and other expenses, and Advances Payable increased based on payments made throughout the year.

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

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

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

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

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

FINANCIAL ANALYSIS OF ACADEMY AS A WHOLE (continued)

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 asset/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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

There was a significant change in net pension / OPEB liability / asset for the Academy. The fluctuations are due to changes in the actuarial liabilities / assets and related accruals that are passed through to the Academy's financial statement. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows / inflows and net pension/OPEB liabilities/assets and are described in more detail in their respective notes.

Statement of Revenues, Expenses and Changes in Net Position **-** Table 2 shows the changes in Net Position for fiscal year 2023, as well as a listing of revenues and expenses. This change in Net Position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors. Overall, the decrease in Operating Revenues was a result of fewer students being enrolled over the prior year. Federal and State Grants decreased due to greater collection of Federal Emergency COVID funds in 2022. Total Operating Expenses increased primarily due to increases in salaries and purchased services.

FINANCIAL ANALYSIS OF ACADEMY AS A WHOLE (continued)

(Table 2)
Change in Net Position

	2023	2022
Operating Revenues:		
State Aid	1,000,128	1,111,468
Miscellaneous	10,845	7,227
Total Operating Revenues	1,010,973	1,118,695
Operating Expenses:		
Salaries	861,768	775,030
Fringe Benefits	192,110	233,675
Fringe Benefits - GASB 68/75	(59,631)	(219,771)
Purchased Services	829,233	556,551
Materials and Supplies	88,903	93,309
Depreciation	186,431	62,425
Other Operating Expenses	34,513	25,563
Total Noncurrent Assets	2,133,327	1,526,782
Operating Income (Loss)	(1,122,354)	(408,087)
Non-Operating Revenues and Expenses		
Federal and State Restricted Grants	877,315	1,121,255
Contributions and Donations	6,500	-
Interest Expense	(52,890)	(37,606)
Financing Expenses	(14,390)	(34,813)
Net Non-Operating Revenues and Expenses	816,535	1,048,836
Change in Position	(305,819)	640,749
Net Position, Beginning of Year	(1,226,284)	(1,867,033)
Net Position, End of Year	(1,532,103)	(1,226,284)

CAPITAL ASSETS

At the end of fiscal year 2023, the Academy had $2,387,765 invested in capital assets (net of accumulated depreciation/amortization) for computers and a leased building. For further information regarding the Academy's capital assets, refer to Note 5 of the basic financial statements.

FINANCIAL ANALYSIS OF ACADEMY AS A WHOLE (continued)

DEBT

At June 30, 2023, the Academy had $196,343 in advances from Charter School Capital, $330,396 in notes payable, and $2,058,780 in lease obligation payable outstanding. For further information regarding the Academy's debt obligations, refer to Notes 6 and 7 to the basic financial statements.

OPERATIONS

The Academy is a public school established pursuant to Ohio Revised Code Chapter 3314. The Academy offers education for Ohio children in kindergarten through eighth grade. The Academy is independent of any Academy and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy.

CURRENT FINANCIAL ISSUES

The School is a Community School and is funded through the State of Ohio Foundation Program (Foundation). The School relies on Foundation, as well as State and Federal grants as its primary source of revenue. Foundation formulas for fiscal years 2022 and 2023 were completely changed from prior years with the passage of Amended Substitute House Bill Number 110 (Am. Sub. HB 110) during the 134th General Assembly of the State of Ohio.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions concerning this report, please contact Tatonka Education Services, 2199 5th St SW, Akron, OH 44314.

Eagle Elementary of Akron

Summit County, Ohio

Statement of Net Position

As of June 30, 2023

Assets	
Current Assets	
Cash and Cash Equivalents	$ 36,309
Intergovernmental Receivables	127,232
Total Current Assets	163,541
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	2,387,765
Net OPEB Asset	144,695
Total Noncurrent Assets	2,532,460
Total Assets	2,696,001
Deferred Outflows of Resources:	
Pension	487,027
OPEB	39,032
Total Deferred Outflow of Resources	526,059
Liabilities	
Current Liabilities	
Accounts Payable	247,538
Accrued Expenses	43,962
Wages and Benefits Payable	60,892
Withholdings Payable	8,393
Advances Payable	196,343
Accrued Interest	14,058
Current Portion of Notes Payable	68,802
Total Current Liabilities	639,988
Noncurrent Liabilities	
Noncurrent Portion of Notes Payable	261,594
Noncurrent Portion of Lease Payable	2,058,780
Net Pension Liability	1,315,053
Net OPEB Liability	19,516
Total Noncurrent Liabilities	3,654,943
Total Liabilities	4,294,931
Deferred Inflows of Resources:	
Pension	234,967
OPEB	224,265
Total Deferred Inflows of Resources	459,232
Net Position	
Net Investment in Capital Assets	328,986
Restricted	34,243
Unrestricted	(1,895,332)
Total Net Position	$ (1,532,103)

The accompanying notes to the financial statements are an integral part of this statement.

Eagle Elementary of Akron
Summit County, Ohio
Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2023

Operating Revenues	
State Aid	$ 1,000,128
Miscellaneous	10,845
Total Operating Revenues	1,010,973
Operating Expenses	
Salaries	861,768
Fringe Benefits	192,110
Fringe Benefits - GASB 68/75	(59,631)
Purchased Services	829,233
Materials and Supplies	88,903
Depreciation	186,431
Other Operating Expenses	34,513
Total Operating Expenses	2,133,327
Operating Loss	(1,122,354)
Non-Operating Revenues / (Expense)	
Federal and State Restricted Grants	877,315
Donations and Contributions	6,500
Financing Costs	(14,390)
Interest Expense	(52,890)
Total Non-Operating Revenues / (Expense)	816,535
Change in Net Position	(305,819)
Net Position, Beginning of Year	(1,226,284)
Net Position, End of Year	$ (1,532,103)

The accompanying notes to the financial statements are an integral part of this statement.

Eagle Elementary of Akron
Summit County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Cash Flows Used for Operating Activities:	
State Aid Receipts	$ 958,023
Other Operating Receipts	10,845
Cash Payments to Suppliers for Goods and Services	(759,645)
Cash Payments to Employees for Services	(896,245)
Cash Payments for Employee Benefits	(190,958)
Net Cash Used for Operating Activities	(877,980)
Cash Flows Provided by Noncapital Financing Activities	
Federal and State Grant Receipts	917,905
Donations and Contributions	6,500
Net Cash Provided by Noncapital Financing Activities	924,405
Cash Flows Used for Capital and Related Financing Activities	
Acquisition of Capital Assets	(50,262)
Charter School Capital Advances	310,844
Charter School Capital Cost of Funding	(14,390)
Charter School Capital Redemptions	(285,500)
Note Payable Principal	(23,568)
Note Payable Interest	(12,432)
Lease Payable Principal	(2,400)
Lease Payable Interest	(26,400)
Net Cash Used for Capital and Related Financing Activities	(104,108)
Net Decrease in Cash and Cash Equivalents	(57,683)
Cash and Cash Equivalents, Beginning of Year	93,992
Cash and Cash Equivalents, End of Year	$ 36,309

The accompanying notes to the financial statements are an integral part of this statement.

Eagle Elementary of Akron
Summit County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

(Continued from Previous Page)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	$ (1,122,354)
Adjustments to Reconcile Operating Loss to Net Cash Flows Used for Operating Activities	
Depreciation	186,431
Changes in Assets, Liabilities, & Deferred Inflows/Outflows of Resources	
(Increase) / Decrease in Accounts Receivable	(56,840)
(Increase) / Decrease in Prepaid Expenses	48,325
(Increase) / Decrease in Net OPEB Asset	(39,527)
(Increase) / Decrease in Deferred Outflows Pension	(52,812)
(Increase) / Decrease in Deferred Outflows OPEB	13,798
Increase / (Decrease) in Accounts Payable	181,925
Increase / (Decrease) in Accrued Wages and Benefits	(23,398)
Increase / (Decrease) in Withholdings Payable	(32,438)
Increase / (Decrease) in Deferred Inflows Pension	(591,050)
Increase / (Decrease) in Deferred Inflows OPEB	1,476
Increase / (Decrease) in Net Pension Liability	619,382
Increase / (Decrease) in Net OPEB Liability	(10,898)
Total Adjustments	244,374
Net Cash Flows Used for Operating Activities	$ (877,980)

The accompanying notes to the financial statements are an integral part of this statement.

NOTE 1 – DESCRIPTION OF THE ACADEMY

Eagle Elementary of Akron (formerly known as STEAM Academy of Akron) (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 3314. The Academy offers education for Ohio children in kindergarten through eighth grade. The Academy is independent of any School District and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy. The Academy is a federally recognized 501(c)(3) nonprofit corporation established pursuant to Ohio Revised Code Chapter 1702.

The Academy was approved for operation for a period of five academic years commencing after July 1, 2012, and ending June 30, 2018, through Richland Academy of the Arts. The Academy voluntarily ceased operations, with the approval of the Ohio Department of Education, for the period of July 1, 2012, through June 30, 2013, due to low enrollment, and reopened on July 1, 2013. Effective July 1, 2017, the Academy signed an agreement with Buckeye Community Hope Foundation for sponsorship through June 30, 2021, which was subsequently renewed through June 30, 2025. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a Governing Board that consists of not less than five individuals who are not owners or employees, or immediate relatives or owners or employees of any for-profit firm that operate or manage the Academy for the Governing Board. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The Academy contracts with Tatonka Education Services for management services including management of personnel and human resources, the program of instruction, technology, marketing, data management, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities. See Note 13.

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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Academy's accounting policies are described below.

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

Measurement Focus - The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Academy are included on the statement of net position.

The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

Basis of Accounting - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the 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. Expenses are recognized at the time they are incurred.

Budgetary Process **-** Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does not require the Academy to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

Cash and Cash Equivalents - Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net position. The Academy had no investments during the fiscal year ended June 30, 2023.

Prepaid Items - The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2023, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets - The Academy had capital assets of $2,387,765 at the year ended June 30, 2023. All capital assets are to be capitalized at cost and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of one thousand five hundred dollars. The Academy does not have 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 capitalized.

All capital assets are to be depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation of Computer Technology is computed using the straight-line method over an estimated useful life of the asset of five years.

The School is reporting an intangible right to use assets related to leased buildings, structures, and improvements as well as furniture, fixtures, and equipment. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The board has not adopted any enabling legislation restricted any resources. The statement of net position reflects $328,986 net investment in capital assets, which represents capital assets net of accumulated depreciation and related debt.

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

Deferred Inflows and Deferred Outflows of Resources **-** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) 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 Note 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Note 10 and 11)

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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

The Academy classifies deposits by category of risk as defined in GASB Statement No.3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," as amended by GASB Statement No.40, "Deposit, and Investment Risk Disclosures".

The Academy maintains its cash balances at Huntington Bank in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000, per qualifying account. At June 30, 2023, the book amount of the Academy's deposits was $36,309 and the bank balance was $39,644. None of the Academy's bank balance was uninsured and exposed to custodial credit risk.

NOTE 4 - RECEIVABLES

At June 30, 2023, the Academy had intergovernmental receivables, in the amount of $127,232. These receivables include monies due from Federal Grant programs including Title I, Title IIA, Title IV, Elementary and Secondary School Emergency Relief (ESSER), and from State Foundation. The receivables are expected to be collected within one year.

NOTE 5 – CAPITAL ASSETS

The Academy had $2,387,765 invested in capital assets net of accumulated depreciation/amortization at June 30, 2023, as follows:

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Capital Assets:				
Computers & Software	68,902	32,262	-	101,164
Leasehold Improvements	-	18,000		18,000
Intangible Right-to-Use Leased Asset – Building	208,645	2,461,180	(208,645)	2,461,180
Total Capital Assets	277,547	2,511,442	(208,645)	2,580,344
Less Accumulated Depreciation/Amortization:				
Computers & Software	(53,963)	(13,907)	-	(67,870)
Leasehold Improvement	-	(1,650)		(1,650)
Intangible Right-to-Use Asset – Building	(52,161)	(170,874)	99,976	(123,059)
Total Accumulated Depreciation/Amortization	(106,124)	(186,431)	99,976	(192,579)
Total Capital Assets, Net	$171,423	$2,325,011	($108,669)	$2,387,765

NOTE 6 – ADVANCES PAYABLE

During fiscal year 2023, the Academy received working capital advances from Charter School Capital through a receivables purchase agreement. As the Academy receives its monthly State funding, these advances are repaid, however, the Academy may elect to receive future advances from Charter School Capital by entering into additional agreements. The total cost of funding for the year was $14,390.

A summary of short-term advances for the Academy at June 30, 2023, is as follows:

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Charter School Capital	$170,999	$310,844	($285,500)	$196,343

NOTE 7 – LONG-TERM OBLIGATIONS

The changes in the Academy's long-term obligations during fiscal year 2023 were as follows:

During fiscal year 2022, the Academy renewed their management agreement with Tatonka Education Services, and as part of that agreement received a portion of the Account Payable - Related Party which was converted into a long-term note payable with a maturity date of April 30, 2025, and monthly payments of $2,500 scheduled to begin October 31, 2022. During fiscal year 2023, the Academy again revised their management agreement with Tatonka Education Services, and as part of that agreement the prior long-term note payable was forgiven in full.

The Academy also renegotiated its prior agreement with Innovative Modular to cancel its prior lease and note payable and establish a new payment schedule on balances due. The Academy agreed to make monthly payments of $6,000 on this balance with a balloon payment of $212,000 due on July 1, 2025.

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Post Employment Liability					
Net Pension Liability:	$695,671	$619,382	$0	$1,315,053	$0
Net OPEB Liability	30,414	0	(10,898)	19,516	0
Total Post Employment Liability	726,085	619,382	(10,898)	1,334,569	0
Direct Borrowing					
Innovative Modulars - Note Payable	214,640	353,964	(238,208)	330,396	68,802
Lease Building Payable	161,914	2,061,180	(164,314)	2,058,780	0
Tatonka - Note Payable	75,000	0	(75,000)	0	0
Total Long-Term Obligations	$451,554	$2,415,144	$(477,522)	$2,389,176	$68,802

See Note 10 and 11 for detail regarding the Academy's Net Pension and OPEB Liabilities.

Future Minimum Loan Payments are as follows:

	Innovative Modular		
Year	Principal	Interest	Total
2024	$68,802	$25,140	$93,942
2025	51,129	20,871	72,000
2026	210,465	1,535	212,000
Total	$330,396	$47,546	$377,942

Effective July 1, 2022, the School entered into a 20-year lease agreement with EJ Kenmore, LLC for the Kenmore School Building at 2199 5th Street SW, Akron Ohio.

Due to the implementation of GASB Statement 87, this lease has met the criteria of leases thus requiring it to be recorded by the Academy. The future lease payments were discounted based on the interest rate implicit in the lease or using the Academy's incremental borrowing rate. This discount is being amortized over the life of the lease.

Future minimum payments for principal and interest on the building lease are as follows:

Maturity Analysis	Principal	Interest	Total Payments
Year Ending 2024-06	$0	$28,800	$28,800
Year Ending 2025-06	0	229,824	229,824
Year Ending 2026-06	0	234,247	234,247
Year Ending 2027-06	0	241,274	241,274
Year Ending 2028-06	0	248,512	248,512
5 Years Ending 2033-06	290,659	1,059,917	1,350,576
5 Years Ending 2038-06	798,754	616,543	1,415,297
5 Years Ending 2043-06	969,367	183,009	1,152,376
Total Future Payments	$2,058,780	$2,842,126	$4,900,906

NOTE 8 – RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Academy contracted with Brown & Brown of Colorado, Inc. to provide insurance coverage with the Philadelphia Indemnity Insurance Company.

General Liability:	
Each Occurrence	$ 1,000,000
Aggregate Limit	3,000,000
Products – Completed Operations Aggregate Limit	3,000,000
Medical Expenses Limit – Any One Person/Occurrence	15,000
Damage to Rented Premises – Each Occurrence	300,000
Personal and Advertising Injury	1,000,000
Automobile Liability:	
Bodily Injury Limit	1,000,000
Excess/Umbrella Liability:	
Each Occurrence	5,000,000
Aggregate Limit	5,000,000
Excess/Umbrella Liability:	
Building & BPP	6,000,000

Settled claims have not exceeded this commercial coverage in the past three years, nor has there been reduction in insurance coverage throughout the year.

NOTE 9 – PURCHASED SERVICES

For the period July 1, 2022, through June 30, 2023, purchased service expenses were as follows:

Purchased Services	Amount
Professional Services	$ 352,251
Property Services	265,380
Utilities	44,306
Communications	27,900
Travel & Meetings	907
Contractual Trade	96,047
Pupil Transportation	42,441
Total	$ 829,232

NOTE 10 - DEFINED BENEFIT PENSION PLAN

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.

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 *accounts payable* on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – Academy non-teaching employees participate in SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 0.5% COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent.

The Academy's contractually required contribution to SERS was $7,040 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying servicer credit and age 60, or 30 years or service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contributions to STRS was $101,707 for fiscal year 2023.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

The net pension liability was measured as of June 30, 2022, 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:			
Current Measurement Date	0.0013461%	0.00558812%	
Prior Measurement Date	0.0015696%	0.00498797%	
Change in Proportionate Share	-0.0002235%	0.00060015%	
Proportionate Share of the Net Pension Liability	$72,808	$1,242,245	$1,315,053
Pension Expense	$(69,391)	$161,965	$92,574

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight-line method over a five-year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight-line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2023, 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	$2,949	$15,902	$18,851
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	43,228	43,228
Changes of Assumptions	718	148,660	149,378
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	-	158,516	158,516
Academy Contributions Subsequent to the Measurement Date	13,231	103,823	117,054
Total Deferred Outflows of Resources	$16,898	$470,129	$487,027
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$478	$4,751	$5,229
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,539	-	2,539
Changes of Assumptions	-	111,898	111,898
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	39,312	75,989	115,301
Total Deferred Inflows of Resources	$42,329	$192,638	$234,967

$117,054 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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:			
2024	$(34,908)	$(9,137)	$(44,045)
2025	(4,349)	37,943	33,594
2026	(3,628)	18,878	15,250
2027	4,223	125,984	130,207
Total	$(38,662)	$173,668	$135,006

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, 2022, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

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 asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.36
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.00 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 (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	$107,169	$72,808	$43,858

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2022, actuarial valuation.

Inflation	2.50 percent
Salary Increases:	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by service from 2.50 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent

For 2022, post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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 June 30, 2022 valuation were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

***** Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
******** 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.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	$1,876,582	$1,242,245	$705,795

Changes between the Measurement Date and the Reporting Date The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 11 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

The net OPEB liability and net OPEB asset represent 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 and net OPEB asset calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB 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* on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year is included in *accounts 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. 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.

The surcharge is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was $1,554 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and net OPEB asset were measured as of June 30, 2022, and the total OPEB liability and asset used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability and net OPEB asset were based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0013900%	0.00558812%	
Prior Measurement Date	0.0016070%	0.00498797%	
Change in Proportionate Share	-0.0002170%	0.00060015%	
Proportionate Share of the Net OPEB Liability (Asset)	$19,516	$(144,695)	
OPEB Expense	$(10,103)	$(23,494)	$(33,597)

At June 30, 2023, 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	$166	$2,096	$2,262
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	101	2,518	2,619
Changes of Assumptions	3,103	6,165	9,268
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	13,625	9,704	23,329
Academy Contributions Subsequent to the Measurement Date	1,554	-	1,554
Total Deferred Outflows of Resources	$18,549	$20,483	$39,032

Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$12,484	$21,729	$34,213
Changes of Assumptions	8,013	102,605	110,618
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	72,833	6,601	79,434
Total Deferred Inflows of Resources	$93,330	$130,935	$224,265

$1,554 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. 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:			
2024	$(12,691)	$(30,617)	$(43,308)
2025	(16,336)	(30,021)	(46,357)
2026	(19,446)	(17,534)	(36,980)
2027	(16,173)	(6,542)	(22,715)
2028	(7,758)	(8,472)	(16,230)
Thereafter	(3,931)	(17,266)	(21,197)
Total	$(76,335)	$(110,452)	$(186,787)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022 are presented below:

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 to 4.400 percent
Pre-Medicare	6.750 to 4.400 percent
Medical Trend Rate Assumption	7.00 to 4.40 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five-year period ended June 30, 2020.

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 2016 through 2020 and was adopted by the Board in 2021. 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, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020, five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no 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 of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination for the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 3.69% at June 30, 2022, and 1.92% at June 30, 2021.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Academy's Proportionate Share of the Net OPEB Liability	$24,239	$19,516	$15,703

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	$15,050	$19,516	$25,349

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation is presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent, net of investment	7.00 percent, net of investment
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial; 3.94 percent ultimate	5.00 percent initial; 4.00 percent ultimate
Medicare	-68.78 percent initial; 3.94 percent ultimate	-16.18 percent initial; 4.00 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial; 3.94 percent ultimate	6.50 percent initial; 4.00 percent ultimate
Medicare	-5.47 percent initial; 3.94 percent ultimate	29.98 percent initial; 4.00 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021 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, 2022, valuation is based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School'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, 2022, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 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	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB (Asset)	$(133,767)	$(144,695)	$(154,056)

	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB (Asset)	$(150,084)	$(144,695)	$(137,893)

NOTE 12 - CONTINGENCIES

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

Litigation **-** There are currently no matters in litigation with the Academy as defendant.

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform an FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did not perform such a review on the Academy for fiscal year 2023.

As of the date of this report, all ODE adjustments for fiscal year 2023 have been finalized.

NOTE 13 – MANAGEMENT COMPANY AND MANAGEMENT COMPANY EXPENSES

On August 17, 2015, the Academy entered into an interim management agreement with Tatonka Education Services for an initial term of three months. In exchange for providing certain educational, administrative, and fiscal services, the Academy agree to pay Tatonka Schools a flat fee of $10,000 per month. In December 15, 2015, the Academy entered into a new agreement for a term of 3 years. The management fee was reduced to $8,500 per month due to decreased enrollment with increases based on future enrollment growth. For fiscal year 2023 the management fee was $12,500 per month. On May 28, 2020, the Academy entered into an agreement with Tatonka Education Services to provide fiscal officer services for the Academy for the term of June 1, 2020, through June 30, 2021, which has been extended for an second additional year. The fee for the fiscal officer services for fiscal year 2023 is $1,000 month.

The Academy contracts with Tatonka Education Services for a variety of services including management of personnel and human resources, board relations, financial management, marketing, technology services, the program of instruction, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities. Financial management services include, but are not limited to, financial statement, budget preparation, accounts payable, and payroll preparation. The management fee for fiscal year 2023 was $150,000.

Also, per the management agreement there are expenses that will be billed to the Academy based on the actual costs incurred by Tatonka Education. These expenses include salaries of Tatonka employees working at the Academy and other costs related to providing education and administrative services. The total amount billed during fiscal year was $881,602.

Eagle Elementary of Akron	Regular Instruction (1100 Function codes)	Special Instruction (1200 Function codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
Direct expenses:					
Salaries & wages (100 object codes)	$ 375,285	$ 165,425	$ 186,624	$ -	$ 727,335
Employees' benefits (200 object codes)	47,783	19,710	22,858	-	90,351
Professional & technical services (410 object codes)	-	-	27,171	-	27,171
Property services (420 object codes)	-	-	-	-	-
Contracted craft or trade services (460 object codes)	-	-	-	-	-
Supplies (500 object codes)	583	-	1,161	-	1,744
Other direct costs (All other object codes)	-	-	-	-	-
Overhead	35,000	-	-	-	35,000
Total expenses	**$ 458,651**	**$ 185,136**	**$ 237,816**	**$ -**	**$ 881,602**

Note to the Schedule of Management Company Expenses:
Tatonka Education Services charges expenses benefiting more than one school (i.e., overhead) on a pro rated basis based on full time equivalent (FTE) head count as of June 30, 2022 by each school it manages.

NOTE 14 - SPONSOR

The Academy was approved for operation under a contract with its sponsor, Buckeye Community Hope Foundation for a period of two academic years commencing July 2016. This agreement was extended through 2020, and subsequently renewed for an additional two years through 2022. The Academy has entered a new sponsorship agreement with Buckeye Community Hope Foundation for the period July 2022 through June 2025. As part of this contract, the Sponsor is entitled to 3% of the total state foundation funds. Total amount due and paid for fiscal year 2023 was $28,525.

NOTE 15 - IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2023, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and certain provisions of GASB Statement No. 99, Omnibus 2022. The implementation of GASB Statement Nos. 94, 96, and 99 did not have an effect on the financial statements of the Academy.

NOTE 16 - MANAGEMENT PLAN

At fiscal year-end 2023, the Academy had a deficit net position of $(1,532,103), which includes the impact of net pension and OPEB liabilities and related accruals. The Academy's net deficit in fiscal year 2023 increased from the $(1,226,284) net deficit in fiscal 2022. Enrollment decreased in fiscal year 2023 to 106, down from 124 in fiscal year 2022. The Academy's ability to maintain a stable administrative and instructional team along with active advertising via print, radio, mailings and through referrals of current parents is anticipated to help produce the likelihood of future enrollment growth leading to surpluses and provide an opportunity for the academy to recover from its prior deficits.

NOTE 17 – 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 2021 while the national state of emergency continues. During fiscal year 2023, the Academy received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the Academy. The impact on the Academy's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

EAGLE ELEMENTARY OF AKRON - SUMMIT COUNTY, OHIO

Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School Employees Retirement System (SERS)									
Academy's Proporation of the Net Pension Liability	0.0013461%	0.0015696%	0.0037697%	0.0049863%	0.0047013%	0.0033587%	0.0037310%	0.0046124%	0.0030830%
Academy's Proporationate Share of the Net Pension Liability	$72,808	$57,914	$249,336	$298,339	$269,251	$200,675	$273,075	$263,188	$156,029
Academy's Covered Payroll	$50,286	$54,179	$132,157	$184,444	$147,904	$102,621	$143,657	$138,862	$90,483
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.79%	106.89%	188.67%	161.75%	182.04%	195.55%	190.09%	189.53%	172.44%
PlanFiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%
State Teachers Retirement Systems (STRS)									
Academy's Proportion of the Net Pension Liability	0.00558812%	0.00498797%	0.00442336%	0.00468267%	0.00610670%	0.00532089%	0.00498696%	0.00498696%	0.00261071%
Academy's Proportionate Share of the Net Pension Liability	$1,242,245	$637,757	$1,070,296	$1,035,544	$1,342,727	$1,261,347	$1,781,062	$1,353,377	$635,015
Academy's Covered Payroll	$726,479	$615,486	$533,829	$549,764	$694,229	$583,743	$556,414	$510,914	$287,262
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.00%	103.62%	200.49%	188.36%	193.41%	216.08%	320.10%	264.89%	221.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%	77.31%	75.30%	66.80%	72.10%	74.70%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available
The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.
See accompanying notes to the required supplemental information.

EAGLE ELEMENTARY OF AKRON - SUMMIT COUNTY, OHIO

Required Supplementary Information
Schedule of the Academy's Contributions - Pension
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)										
Contractually Required Contribution	$13,231	$7,040	$7,585	$18,502	$24,900	$19,967	$14,367	$20,112	$18,302	$12,541
Contribution in Relation to the										
Contractually Required Contribution	-13231	(7,040)	(7,585)	(18,502)	(24,900)	(19,967)	(14,367)	(20,112)	(18,302)	(12,541)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Academy's Covered Payroll	$94,507	$50,286	$54,179	$132,157	$184,444	$147,904	$102,621	$143,657	$138,862	$90,483
Contribution as a Percentage of										
Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
State Teachers Retirement Systems (STRS)	$103,823	$101,707	$86,168	$74,736	$76,967	$97,193	$81,724	$77,898	$71,528	$37,344
Contractually Required Contribution										
Contribution in Relation to the	(103,823)	(101,707)	(86,168)	(74,736)	(76,967)	(97,193)	(81,724)	(77,898)	(71,528)	(37,344)
Contractually Required Contribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Contribution Deficiency (Excess)										
	$741,593	$726,479	$615,486	$533,829	$54,964	$694,229	$583,743	$556,414	$510,914	$287,252
Academy's Covered Payroll										
Contribution as a Percentage of	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
Covered Payroll										

See accompanying notes to the required supplemental information.

EAGLE ELEMENTARY OF AKRON - SUMMIT COUNTY, OHIO

Required Supplementary Information
Schedule of the Academy's Proportionate Schare of the OPEB Asset/Liability
Last Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)							
Academy's Proportion of the Net OPEB Liability	0.0013900%	0.1607000%	0.0039010%	0.0051860%	0.0047693%	0.0034223%	0.0037891%
Academy's Proportion Share of the Net OPEB Liability	$19,516	$30,414	$84,786	$130,417	$132,312	$91,846	$108,002
Academy's Covered Payroll	$ 50,286	$54,179	$132,157	$184,444	$147,904	$102,621	$143,657
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.81%	56.14%	64.16%	70.71%	89.46%	89.50%	75.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement Systems (STRS)	0.00558812%	0.004988%	0.004423%	0.00468300%	0.00610670%	0.00530977%	0.00532089%
Academy's Proportion of the Net OPEB Liability	($144,695)	($105,168)	($77,734)	($77,562)	($98,129)	$207,168	$284,563
Academy's Proportion Share of the Net OPEB Liability	726,479	$615,486	$533,829	$549,764	$694,229	$583,743	$556,414
Academy's Covered Payroll							
Academy's Proportionate Share of the Net OPEB Liability	-19.92%	-17.09%	-14.56%	-14.11%	-14.13%	35.49%	51.14%
as a Percentage of its Covered Payroll	230.73%	174.73%	182.10%	174.70%	176.00%	47.10%	37.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability							

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available
The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.
See accompanying notes to the required supplemental information.

EAGLE ELEMENTARY OF AKRON - SUMMIT COUNTY, OHIO

Required Supplementary Information
Schedule of the Academy's Contributions - OPEB
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)										
Contractually Required Contribution (1)	$1,554	$977	$979	$2,456	$4,444	$3,316	$2,225	$1,952	$1,139	$125
Contribution in Relation to the										
Contractually Required Contribution	-1554	(977)	(979)	(2,456)	(4,444)	(3,316)	(2,225)	(1,952)	(1,139)	(125)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Academy's Covered Payroll	$94,507	$50,286	$54,179	$132,157	$184,444	$147,904	$102,621	$143,657	$138,862	$90,483
Contribution as a Percentage of										
Covered Payroll	1.64%	1.94%	1.81%	1.86%	2.41%	2.24%	2.17%	1.36%	0.82%	0.14%
State Teachers Retirement Systems (STRS)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,873
Contractually Required Contribution										
Contribution in Relation to the	0	0	0	0	0	0	0	0	0	(2,873)
Contractually Required Contribution	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Contribution Deficiency (Excess)										
	$741,593	$726,479	$615,486	$533,829	$54,964	$694,229	$583,743	$556,414	$510,914	$287,252
Academy's Covered Payroll										
Contribution as a Percentage of	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
Covered Payroll										

(1) Includes surcharge
See accompanying notes to the required supplemental information.

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2021, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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 percent to 3.50 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 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

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 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

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 LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal Year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare Trend Assumption

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal Year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Benefit Terms – SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from 3.25 to 10.75 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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 ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 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. 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

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 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 .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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.

EAGLE ELEMENTARY OF AKRON
SUMMIT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/ *Pass-Through Grantor/* Program or Cluster Title	Assistance Listing Number	Expenditures
U.S. Department of Agriculture		
Passed through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$ 36,896
National School Lunch Program	10.555	63,359
Total Child Nutrition Cluster		100,255
COVID-19 - Pandemic EBT Administrative Costs	10.649	628
Total U.S. Department of Agriculture		100,883
U.S. Department of Education		
Passed through Ohio Department of Education		
Title I - Grants to Local Educational Agencies	84.010	136,869
Title I - Grants to Local Educational Agencies - Supplemental School Improvement	84.01A	51,924
Title I - Grants to Local Educational Agencies - Expanding Opportunities	84.010A	20,415
Total ALN #84.010		209,208
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	28,764
COVID-19 - Special Education Grants to States - ARP IDEA Part B	84.027X	6,588
Special Education Preschool Grants	84.173	880
COVID-19 - ARP IDEA ECSE	84.173X	499
Total Special Education Cluster		36,731
Improving Teacher Quality State Grants	84.367	16,708
Student Support and Academic Enrichment Program	84.424	15,244
COVID-19 - Education Stabilization Fund - ESSER II	84.425D	145,435
COVID-19 - Education Stabilization Fund - ARP ESSER	84.425U	344,898
Total ALN #84.425		490,333
Total U.S. Department of Education		768,224
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 869,107

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Eagle Elementary of Akron under programs of the federal government for the year ended June 30, 2023 and is prepared in accordance with the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Columbus Preparatory and Fitness Academy, it is not intended to and does not present the financial position, changes in net position or cash flows of Eagle Elementary of Akron.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: **INDIRECT COST RATE**

Eagle Elementary of Akron has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: **CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Eagle Elementary of Akron
Summit County
2199 5th St. SW
Akron, Ohio 44314

To the Members of the Board:

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 Eagle Elementary of Akron, Summit County, Ohio, (the Academy) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated April 22, 2024, wherein we noted the Academy is experiencing financial difficulties and management has a plan in regard to this matter.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a significant deficiency as item **2023-001**.

Report on Compliance and Other Matters

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

Academy's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Academy's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Academy's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

April 22, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Eagle Elementary of Akron
Summit County
2199 5th St. SW
Akron, Ohio 44314

To the Members of the Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eagle Elementary of Akron, Summit County, Ohio's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Academy's major federal program for the year ended June 30, 2023. The Academy's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Eagle Elementary of Akron complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted an audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Eagle Elementary of Akron, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Eagle Elementary of Akron's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to Eagle Elementary of Akron's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Eagle Elementary of Akron's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Eagle Elementary of Akron's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Eagle Elementary of Akron's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of Eagle Elementary of Akron's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Eagle Elementary of Akron's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

April 22, 2024

EAGLE ELEMENTARY OF AKRON
SUMMIT COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

1. **<u>SUMMARY OF AUDITOR'S RESULTS</u>**

2023(i)	Type of Financial Statement Opinion	Unmodified
2023(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2023(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
2023(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2023(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2023iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2023(v)	Type of Major Programs' Compliance Opinions	Unmodified
2023(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2023(vii)	Major Programs (list): Education Stabilization Fund - ESSER II - ALN #84.425D and ARP ESSER - ALN #84.425U	
2023(viii)	Dollar Threshold: A/B Program	Type A: $750,000 Type B: All Others less than $750,000
2023(ix)	Low Risk Auditee?	No

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

Finding No. 2023-001 – Significant Deficiency – Internal Controls Over Financial Reporting

Statement of Condition/Criteria
Financial reporting is the responsibility of the Academy and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

During our review of the financial statements, we identified the following misstatements:

- Intergovernmental Receivables were understated by $14,735
- Prepaid Expense was overstated by $79,497
- Net OPEB Asset and Net OPEB Liability were each overstated by $10,898
- Accounts Payable was understated by a net $1,030
- Accrued Interest was understated by $14,058
- Notes Payable was understated by a net $32,380
- Fringe Benefits were understated by $64,762
- Purchased Services were overstated by $7,482
- Interest expense was understated by $52,890

We also noted the following misclassification of account balances on the financial statements:

- Net investment in capital assets was overstated and unrestricted net position was understated by $1,561,320

As a result, audit adjustments have been proposed and made to correct the financial statements for fiscal year 2023. Numerous other errors in the financial statement footnote disclosures were also identified and corrected.

Cause/Effect
The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decrease the reliability of financial data at year end.

Recommendation
We recommend that controls and review procedures be implemented to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes timely.

Client Response
To avoid mistakes of this kind and other financial reporting mistakes or errors, in the future, Eagle will implement additional controls over financial reporting. These will include a more in-depth review of third-part GASB calculations/recommendations by the School's Fiscal Officer.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

EAGLE ELEMENTARY OF AKRON
SUMMIT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The prior audit report, as of June 30, 2022, included no citations or instances of noncompliance.

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OHIO AUDITOR OF STATE
KEITH FABER

EAGLE ELEMENTARY OF AKRON

SUMMIT 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 5/23/2024