



**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**

**SINGLE AUDIT / FINAL AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY  
JUNE 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

Achieve Career Preparatory Academy  
Lucas County  
3891 Martha Avenue  
Toledo, Ohio 43612

To the Board of Directors:

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Achieve Career Preparatory Academy, Lucas 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Achieve Career Preparatory Academy, Lucas County, Ohio as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***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*, 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.

***Emphasis of Matter***

As discussed in Note 16 to the June 30, 2023 financial statements, the Academy closed on June 30, 2023. We did not modify our opinion regarding this matter.

***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.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 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 is presented for purposes of additional analysis 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 March 20, 2024, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 20, 2024

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**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*

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The management's discussion and analysis of Achieve Career Preparatory Academy of Toledo's (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 review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

The management's discussion and analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in its Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

In 2023,

Total net position was (\$1,639,860).  
Total assets were \$542,298.  
Deferred outflows of resources were \$461,271.  
Total liabilities were \$2,013,900.  
Deferred inflows of resources were \$629,529.  
The Academy closed effective June 30, 2023.

**Using this Annual Report**

This report includes the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net position, a statement of revenues, expenses, and change in net position, and a statement of cash flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position reflect how the Academy did financially during fiscal year 2023. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's net position and change in net position. This change in net position is important because it tells the reader whether the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

This report also includes required supplementary information concerning the Academy's net other post-employment benefits (OPEB) asset, net pension liability and net OPEB liability, and notes to the required supplementary information.

The Academy uses enterprise presentation for all of its activities.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*  
*(continued)*

**Statement of Net Position**

Table I provides a summary of the Academy's net position for fiscal years 2023 and 2022:

**TABLE 1**

|                                                  | June 30              |                      |
|--------------------------------------------------|----------------------|----------------------|
|                                                  | 2023                 | 2022                 |
| <b>Assets</b>                                    |                      |                      |
| Current assets                                   | \$ 434,756           | \$ 187,363           |
| Noncurrent assets                                | -                    | 10,000               |
| Capital and lease assets - net                   | -                    | 444,270              |
| Net OPEB asset                                   | 107,542              | 76,669               |
|                                                  | <u>542,298</u>       | <u>718,302</u>       |
| <b>Deferred Outflows of Resources</b>            |                      |                      |
| Pension                                          | 388,272              | 257,251              |
| OPEB                                             | 72,999               | 54,174               |
|                                                  | <u>461,271</u>       | <u>311,425</u>       |
| <b>Liabilities</b>                               |                      |                      |
| Current liabilities                              | 804,943              | 804,637              |
| Noncurrent liabilities                           |                      |                      |
| Due in more than one year                        |                      |                      |
| Leases payable                                   | -                    | 277,333              |
| Net pension liability                            | 1,148,790            | 580,003              |
| Net OPEB liability                               | 60,167               | 61,129               |
|                                                  | <u>1,208,957</u>     | <u>918,465</u>       |
|                                                  | <u>2,013,900</u>     | <u>1,723,102</u>     |
| <b>Deferred Inflows of Resources</b>             |                      |                      |
| Pension                                          | 216,875              | 757,482              |
| OPEB                                             | 412,654              | 484,867              |
|                                                  | <u>629,529</u>       | <u>1,242,349</u>     |
| <b>Net Position</b>                              |                      |                      |
| Invested in capital assets (net of related debt) | -                    | 29,874               |
| Unrestricted                                     | (1,639,860)          | (1,965,598)          |
|                                                  | <u>\$(1,639,860)</u> | <u>\$(1,935,724)</u> |

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*  
*(continued)*

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**Statement of Net Position (continued)**

***GASB Statements No. 68 and 75***

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." In a prior period, the Academy also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

- a) present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
- b) minus plan assets available to pay these benefits

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2023 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*  
*(continued)*

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**Statement of Net Position (continued)**

***GASB Statements No. 68 and 75 (continued)***

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

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

***GASB Statement No. 87***

In a prior period, the Academy implemented GASB Statement No. 87, "Leases". This statement increases the usefulness of governments' financial statements by requiring recognition of certain leased (right-to-use) assets and liabilities for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

***GASB Statement No. 96***

For the fiscal year ended June 30, 2023, the Academy implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement increases the usefulness of governments' statements by establishing a definition for SBITAs, requiring a government to report a subscription asset and subscription liability for a SBITA, and to disclose essential information about the arrangement. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Academy in fiscal year 2023.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*  
*(continued)*

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**Statement of Net Position (continued)**

Total net position for the Academy increased \$295,864. Cash was \$220,744. Total receivables increased by \$40,354 due to a higher year-end accrual of ESSER and IDEA funding, a large refund from School Employees Retirement System (SERS), and auction proceeds from the sale of personal property.

Due to cash flow issues affecting the Academy's ability to pay, rent from December 2020 forward is still outstanding as of June 30, 2023. Outstanding rent payable to Beverly Victory Avenue Property Holdings, LLC (affiliated with The Leona Group, LLC) prior to the implementation of GASB 87 in July 2021 is recorded in contracts payable. A security deposit in the amount of \$10,000 was applied to the oldest outstanding rent. Other adjustments related to lease agreements, the related lease assets, and tangible capital assets are described below:

Due to the closure of the Academy on June 30, 2023, the following adjustments were recorded:

- all tangible capital assets consisting of furniture, fixtures, and equipment were fully depreciated, retired, and either auctioned, donated, or scrapped as of June 30, 2023.
- lease assets were amortized through June 30, 2023 and retired. The un-amortized portion of the lease assets was recorded to loss on early termination of leases - assets.
- the carrying value of the facility and equipment leases under GASB87 was reduced to the total unpaid principal due through June 30, 2023 and is recorded in other current liabilities. The remaining lease liability through June 30, 2024 was recorded as a gain on early termination of leases - debt.
- interest due on the unpaid principal through June 30, 2023 under GASB87 is recorded in accrued interest payable.

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**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*  
*(continued)*

**Change in Net Position**

Table 2 shows the change in net position for fiscal years 2023 and 2022, as well as a listing of revenues and expenses.

**TABLE 2**

|                                             | June 30       |               |
|---------------------------------------------|---------------|---------------|
|                                             | 2023          | 2022          |
| <b>Operating Revenues</b>                   |               |               |
| Foundation payments                         | \$ 584,913    | \$ 604,810    |
| Other revenues                              | 26,275        | 47,987        |
| <b>Nonoperating Revenues</b>                |               |               |
| Federal grants                              | 981,445       | 952,079       |
| State grants                                | 292,100       | 374,424       |
| Sale of personal property                   | 37,391        | -             |
| Gain on early termination of lease - debt   | 277,333       | -             |
| Total revenue                               | 2,199,457     | 1,979,300     |
| <b>Operating Expenses</b>                   |               |               |
| Purchased services                          | 1,289,112     | 1,544,294     |
| Materials and supplies                      | 98,446        | 116,811       |
| Depreciation/amortization (unallocated)     | 175,623       | 164,580       |
| Other expenses                              | 58,962        | 49,051        |
| <b>Nonoperating Expenses</b>                |               |               |
| Interest and fiscal charges                 | 12,803        | 19,261        |
| Loss on disposal of tangible capital assets | 1,062         | -             |
| Loss on early termination of lease - assets | 267,585       | -             |
| Total expenses                              | 1,903,593     | 1,893,997     |
| Increase in net position                    | \$ 295,864    | \$ 85,303     |
| Net position beginning of year              | (1,935,724)   | (2,021,027)   |
| Net position end of year                    | \$(1,639,860) | \$(1,935,724) |

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*  
*(continued)*

**Change in Net Position (continued)**

Net position increased by \$295,864. Federal grants increased \$29,366 due to federal special education funding and the net increase of Elementary and Secondary School Emergency Relief (ESSER) funding. State grants decreased \$82,324, primarily due to decreased Quality School funding from the state. Purchased services decreased \$255,182 primarily due to the net effect of pension/OPEB related adjustments.

The school closure resulted in the early termination of leases and the retirement of the related leased assets. The net impact of the early termination of leases increased net position by \$9,748.

The Academy fully depreciated and sold, donated, or scrapped all active tangible capital assets at June 30, 2023. The net impact of the sale and/or retirement of the Academy's tangible capital assets and other personal property increased net position by \$36,329.

**Capital and Lease Assets**

As previously discussed, all tangible capital assets were fully depreciated and retired, and intangible leased assets were amortized through the end of the fiscal year and retired at June 30, 2023.

Table 3 shows capital assets and lease assets (net of depreciation/amortization) for fiscal years 2023 and 2022.

| <b>TABLE 3</b>                 | <b><u>Net Capital and Lease Assets</u></b> |            |
|--------------------------------|--------------------------------------------|------------|
|                                | June 30                                    |            |
|                                | 2023                                       | 2022       |
| Buildings - lease              | \$ -                                       | \$ 401,377 |
| Equipment - lease              | -                                          | 5,692      |
| Furniture and fixtures         | -                                          | 37,201     |
| Total capital and lease assets | \$ -                                       | \$ 444,270 |

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

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*  
*(continued)*

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**Current Financial Issues**

Achieve Career Preparatory Academy was formed in 2009. During the 2022-2023 school year there were 73 students enrolled in the Academy. This was significantly short of the Academy's initial forecast. Due to the unprecedented amount of federal funding as a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (2020), the proportion of state aid to total revenue (net of the impact of personal property sales and debt retirement) continued to decline in fiscal year 2023. Foundation payments for fiscal year 2023 amounted to \$584,913.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The state of emergency in the State of Ohio ended on June 18, 2021. On April 10, 2023, the state of emergency in the United States was terminated. As explained in the previous paragraph, the financial impact of COVID-19 and the ensuing emergency measures have impacted the current period.

On April 13, 2023, the Governing Authority of the Academy approved a resolution to voluntarily cease operations effective June 30, 2023 due to financial instability.

**Contacting the Academy's Financial Management**

The financial report is designed to provide our citizens with a general overview of the Academy's finances and to show the Academy's accountability for the funds it receives. If you have questions about this report or need additional information, contact:

Melinda Benkovsky  
Chief Financial Officer  
The Leona Group, LLC  
2125 University Park Drive, Okemos, MI 48864  
melinda.benkovsky@leonagroupmw.com



**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**  
*Statement of Net Position  
June 30, 2023*

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**Assets**

***Current Assets***

|                                    |                |
|------------------------------------|----------------|
| Cash and cash equivalents          | \$ 220,744     |
| Accounts receivable                | 7,891          |
| Intergovernmental receivable       | 206,121        |
| <b><i>Total current assets</i></b> | <u>434,756</u> |

***Noncurrent Assets***

|                |                |
|----------------|----------------|
| Net OPEB asset | <u>107,542</u> |
|----------------|----------------|

***Total Assets***

542,298

**Deferred Outflows of Resources**

|         |               |
|---------|---------------|
| Pension | 388,272       |
| OPEB    | <u>72,999</u> |

***Total Deferred Outflows of Resources***

461,271

*(continued)*

**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**  
*Statement of Net Position*  
*June 30, 2023*  
*(continued)*

| <b>Liabilities</b>                         |                |
|--------------------------------------------|----------------|
| <b>Current Liabilities</b>                 |                |
| Accounts payable                           | \$ 14,299      |
| Contracts payable                          | 437,521        |
| Accrued wages payable                      | 29,964         |
| Intergovernmental payable                  | 25,477         |
| STRS-SERS payable                          | 9,682          |
| Leases payable - current portion           | 257,837        |
| Interest payable                           | 30,163         |
| <b>Total current liabilities</b>           | 804,943        |
| <b>Noncurrent Liabilities</b>              |                |
| Due in more than one year                  |                |
| Net pension liability                      | 1,148,790      |
| Net OPEB liability                         | 60,167         |
| <b>Total noncurrent liabilities</b>        | 1,208,957      |
| <b>Total Liabilities</b>                   | 2,013,900      |
| <b>Deferred Inflows of Resources</b>       |                |
| Pension                                    | 216,875        |
| OPEB                                       | 412,654        |
| <b>Total Deferred Inflows of Resources</b> | 629,529        |
| <b>Net Position</b>                        |                |
| Unrestricted (deficit)                     | (1,639,860)    |
| <b>Total Net (Deficit)</b>                 | \$ (1,639,860) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**  
*Statement of Revenues, Expenses, and Changes in Net Position  
For the Fiscal Year Ended June 30, 2023*

|                                                 |                |
|-------------------------------------------------|----------------|
| <b>Operating Revenues</b>                       |                |
| Foundation payments                             | \$ 584,913     |
| Other revenues                                  | 26,275         |
| <b>Total operating revenues</b>                 | 611,188        |
| <br><b>Operating Expenses</b>                   |                |
| Purchased services                              | 1,289,112      |
| Materials and supplies                          | 98,446         |
| Depreciation and amortization                   | 175,623        |
| Other                                           | 58,962         |
| <b>Total operating expenses</b>                 | 1,622,143      |
| <b>Operating Loss</b>                           | (1,010,955)    |
| <br><b>Nonoperating Revenues and Expenses</b>   |                |
| Federal grants                                  | 981,445        |
| State grants                                    | 292,100        |
| Interest and fiscal charges                     | (12,803)       |
| Sale of personal property                       | 37,391         |
| Loss on disposal of capital assets              | (1,062)        |
| Loss on early termination of lease - assets     | (267,585)      |
| Gain on early termination of lease - debt       | 277,333        |
| <b>Total nonoperating revenues and expenses</b> | 1,306,819      |
| <b>Change in Net Position</b>                   | 295,864        |
| <b>Net (Deficit) Beginning of Year</b>          | (1,935,724)    |
| <b>Net (Deficit) End of Year</b>                | \$ (1,639,860) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**  
*Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2023*

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**Increase in Cash and Cash Equivalents**

***Cash Flows from Operating Activities***

|                                                   |                    |
|---------------------------------------------------|--------------------|
| Cash received from State of Ohio                  | \$ 583,168         |
| Cash received from other operating revenues       | 51,191             |
| Cash payments to suppliers for goods and services | <u>(1,687,531)</u> |

***Net Cash Used for Operating Activities*** (1,053,172)

***Cash Flows from Noncapital Financing Activities***

|                           |               |
|---------------------------|---------------|
| Federal grants received   | 942,231       |
| State grants received     | 308,538       |
| Lease principal payments  | (5,796)       |
| Lease interest payments   | (71)          |
| Sale of personal property | <u>27,372</u> |

***Net Cash Provided by Noncapital Financing Activities*** 1,272,274

***Cash Flows from Capital and Related Financing Activities***

|                                   |                |
|-----------------------------------|----------------|
| Payments for capital acquisitions | <u>(1,211)</u> |
|-----------------------------------|----------------|

***Net Increase in Cash and Cash Equivalents*** 217,891

***Cash and Cash Equivalents at Beginning of Year*** 2,853

***Cash and Cash Equivalents at End of Year*** \$ 220,744

*(continued)*

**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**

*Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2023*

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**Reconciliation of Operating Loss to Net Cash Used for Operating Activities**

Operating loss \$ (1,010,955)

**Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities**

Depreciation and amortization 175,623  
Non-cash commodities 7,842

***Changes in assets, deferred outflows, liabilities, and deferred inflows:***

Decrease in accounts receivable 2,225  
Increase in intergovernmental receivable (980)  
Decrease in prepaid items 10,852  
Decrease in deposits 10,000  
Increase in net OPEB asset (30,873)  
Increase in deferred outflows-pension (131,021)  
Increase in deferred outflows-OPEB (18,825)  
Increase in accounts payable 5,957  
Increase in contracts payable-TLG 71,609  
Decrease in contracts payable-BPH (70,000)  
Decrease in accrued wages and benefits (36,808)  
Increase in intergovernmental payable 349  
Increase in STRS-SERS payable 6,828  
Increase in net pension liability 568,787  
Decrease in net OPEB liability (962)  
Decrease in deferred inflows-pension (540,607)  
Decrease in deferred inflows-OPEB (72,213)

***Total Adjustments*** (42,217)

***Net Cash Used for Operating Activities*** \$ (1,053,172)

At June 30, 2022, \$142,285 of the intergovernmental receivable related to nonoperating activity.

At June 30, 2023, \$173,865 of the intergovernmental receivable related to nonoperating activity.

At June 30, 2022, \$1,332 of the intergovernmental payable related to nonoperating activity.

At June 30, 2023, \$18,502 of the intergovernmental payable related to nonoperating activity.

**SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS**

# **ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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## **1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY**

Achieve Career Preparatory Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 102. The Academy's objective is to serve students who are not thriving in a traditional setting, desire meaningful learning experiences and wish to regain a level of control over their educational experience. As a family of learners, students and staff exhibit an in-depth understanding, acceptance of others, personal integrity and responsibility, and a willingness to exercise leadership in their educational and social interactions. Staff, students and their families are committed to facing the challenges of the new century, believing that there is no problem too complex nor goal too lofty that cannot be mastered. The Academy's programs are currently available to students in grades 9 – 12. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Buckeye Community Hope Foundation (the Sponsor) for a period of one year commencing May 8, 2009, with a three-year renewal on July 1, 2010, a two-year renewal on July 1, 2013, and a five-year renewal on July 1, 2015. On May 22, 2020, the contract was renewed for a five-year period commencing July 1, 2020. 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 five-member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by four certificated personnel and seventeen non-certificated personnel who provide services to 73 students.

The Governing Board has entered into a management contract with The Leona Group, LLC (TLG), a for-profit limited liability corporation, for management services and operation of its Academy. TLG operates the Academy's instructional/support facility, is the employer of record for all personnel and supervises and implements the curriculum. In exchange for its services, TLG receives a capitation fee. (See Note 14).

The State of Ohio requires that the financial activities of all community schools are overseen by a licensed fiscal officer. The fiscal officer is retained by the board of directors and is not affiliated with TLG.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **A. Basis of Presentation**

The Academy's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and change in net position, a statement of cash flows, and required supplementary information. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus**

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

**C. 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.

Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5-year forecast which is to be updated on an annual basis.

**E. Cash and Cash Equivalents**

All monies received by the Academy are maintained in a bank account in the Academy's name. Monies for the Academy are maintained in this account or temporarily used to purchase short-term investments.

**F. Receivables**

Accounts receivable and intergovernmental receivables at June 30, 2023 are considered collectible in full and will be received within one year.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets are depreciated. Depreciation is computed using the straight-line method. A summary of capital asset activity can be found in Note 6. Cost thresholds and useful lives are as follows:

**Capitalization and Depreciation Policy**

| <u>Category</u>                        | <u>Cost Threshold</u>                         | <u>Useful Life</u> |
|----------------------------------------|-----------------------------------------------|--------------------|
| <b><i>Building Related:</i></b>        |                                               |                    |
| Leasehold improvements                 | Professional judgement not less than \$25,000 | Life of Lease      |
| <b><i>Furniture and Equipment:</i></b> |                                               |                    |
| Furniture, fixtures, and equipment     | Individual item - \$5,000                     | 7 years            |
| EDP equipment and software             | Sum of like items in a                        | 3 years            |
| Non-EDP equipment                      | single purchase - \$12,500                    | 6 years            |

**H. Lease Assets**

Lease assets are reported on the statement of net position and are initially measured as the sum of the initial measurement of the lease liability and any payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs that are ancillary charges necessary to place the lease asset into service. The lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The amortization is reported as an outflow of resources and combined with depreciation expense related to other capital assets for financial reporting purposes. Lease asset data is presented together with capital asset data in Note 6.

**I. Lease Liability**

Lease liability is reported on the statement of net position and is initially measured at the present value of payments expected to be made during the lease term. Payments are discounted using an implicit interest rate, or if not readily determined by the lessee, the lessee's incremental borrowing rate, and amortized over the life of the lease. Leases not meeting the criteria of a long-term lease liability will be recognized as outflows of resources (expenses) based on the payment provisions of the lease contract. Lease liability is presented with other long-term debt in Note 13.



**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “investment in capital assets” consists of capital assets, net of accumulated depreciation and related debt. Portions of net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**K. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily foundation payments. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Academy. Revenues and expenses not meeting these definitions are reported as non-operating.

**L. Intergovernmental Revenue**

The Academy currently participates in the State Foundation Program. Revenue received from this program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as nonoperating revenues in the accounting period in which eligibility requirements have been met.

**M. Estimates**

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that time. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and other post-employment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 8 and 9, respectively.

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 as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources consist of pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in Notes 8 and 9, respectively.

**O. Pensions/Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB asset, net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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.

**3. CHANGE IN ACCOUNTING PRINCIPLE**

For the fiscal year ended June 30, 2023, the Academy implemented GASB Statement No. 96, "Subscription-Based Information Technology Arrangements".

GASB Statement No. 96 improves accounting and financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Academy in fiscal year 2023.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**4. DEPOSITS AND INVESTMENTS**

The Academy has designated one bank for the deposit of its funds. The Academy's deposits consist solely of checking and/or savings accounts at a local bank; therefore, the Academy has not adopted a formal investment policy.

**A. Cash on Hand**

At June 30, 2023, the carrying amount of all Academy deposits was \$220,744. At June 30, 2023, the Academy's bank balance of \$229,756 was fully insured by the Federal Deposit Insurance Corporation.

**B. Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Academy has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Academy and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Academy to a successful claim by the FDIC.

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**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**5. RECEIVABLES**

Receivables at June 30, 2023 consisted of intergovernmental grants, vendor refunds, and proceeds of the auction to liquidate the Academy's personal property. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of receivables follows:

| <b>Receivables</b>                              |                      |
|-------------------------------------------------|----------------------|
| <u>Source</u>                                   | <u>June 30, 2023</u> |
| Intergovernmental receivable:                   |                      |
| Title I                                         | \$ 13,505            |
| Title I SIP                                     | 12,149               |
| Title IIa                                       | 100                  |
| ESSER II                                        | 8,711                |
| ESSER III                                       | 125,598              |
| IDEA                                            | 11,441               |
| Medicaid                                        | 2,671                |
| eRate                                           | 2,967                |
| Casino tax revenue                              | 2,361                |
| SERS refund                                     | <u>26,618</u>        |
| Total intergovernmental receivable              | <u>\$ 206,121</u>    |
| Accounts receivable:                            |                      |
| Auction proceeds                                | \$ 7,080             |
| Net sponsor fees on foundation and state grants | 658                  |
| Vendor refund - Verizon                         | 34                   |
| Vendor refund - Buckeye Broadband               | 59                   |
| Electricity settlement                          | <u>60</u>            |
| Total accounts receivable                       | <u>\$ 7,891</u>      |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**6. CAPITAL ASSETS AND LEASE ASSETS**

Due to the closure of the Academy, all tangible capital and intangible lease assets were retired on June 30, 2023. Tangible capital assets consisting of furniture, fixtures, and equipment were fully depreciated, retired, and either auctioned, donated, or scrapped. Lease assets were amortized through June 30, 2023 and retired.

Capital asset and lease asset activity for the fiscal year ended June 30, 2023 is as follows:

**Capital Asset and Lease Asset Activity**

| <u>Category</u>                                   | <u>Balance<br/>June 30, 2022</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30, 2023</u> |
|---------------------------------------------------|----------------------------------|------------------|------------------|----------------------------------|
| Capital/lease assets being depreciated/amortized: |                                  |                  |                  |                                  |
| Buildings - lease                                 | \$ 535,170                       | \$ -             | \$ 535,170       | \$ -                             |
| Equipment - lease                                 | 15,449                           | -                | 15,449           | -                                |
| Furniture and fixtures                            | <u>329,448</u>                   | <u>-</u>         | <u>329,448</u>   | <u>-</u>                         |
| Total depreciable capital/lease assets            | 880,067                          | -                | 880,067          | -                                |
| Less accumulated depreciation/amortization:       |                                  |                  |                  |                                  |
| Buildings - lease                                 | (133,793)                        | (133,792)        | (267,585)        | -                                |
| Equipment - lease                                 | (9,757)                          | (5,692)          | (15,449)         | -                                |
| Furniture and fixtures                            | <u>(292,247)</u>                 | <u>(36,139)</u>  | <u>(328,386)</u> | <u>-</u>                         |
| Total accumulated depreciation/amortization       | <u>(435,797)</u>                 | <u>(175,623)</u> | <u>(611,420)</u> | <u>-</u>                         |
| Total depreciable capital/lease assets - net      | <u>\$ 444,270</u>                | <u>(175,623)</u> | <u>268,647</u>   | <u>-</u>                         |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**7. RISK MANAGEMENT**

**A. Property and Liability**

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Academy contracted with Philadelphia Indemnity Insurance Company for student sports coverage, Coalition for cyber liability, and Hanover Insurance Group for all other coverages listed below:

**Insurance Coverages**

| <u>Type</u>                                     | <u>FY2023 Limits</u> |
|-------------------------------------------------|----------------------|
| <b><i>Educational Errors and Omissions:</i></b> |                      |
| D&O Liability and Employment Practices          | \$3,000,000          |
| <b><i>General Liability:</i></b>                |                      |
| General Aggregate                               | 2,000,000            |
| Per Occurrence                                  | 1,000,000            |
| Abuse/Molestation Aggregate                     | 3,000,000            |
| Abuse/Molestation Per Occurrence                | 1,000,000            |
| Umbrella                                        | 5,000,000            |
| <b><i>Property:</i></b>                         |                      |
| Building                                        | 11,490,887           |
| Personal Property                               | 595,000              |
| Business Income                                 | 150,000              |
| <b><i>Auto Liability:</i></b>                   |                      |
| Combined Single Limit                           | 1,000,000            |
| <b><i>Miscellaneous:</i></b>                    |                      |
| Student Sports Per Occurrence                   | 50,000               |
| Student Sports Aggregate                        | 50,000               |
| Fiduciary and Crime                             | 500,000              |
| Cyber Liability                                 | 5,000,000            |

Settled claims have not exceeded this coverage in any of the past three years. Any changes in coverage from the prior year are due to periodic reviews of the needs of the Academy.

**B. Workers' Compensation**

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**8. DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**A. Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset). Any liability for the contractually-required pension contribution outstanding at the end of the year is included in STRS-SERS Payable.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**8. DEFINED BENEFIT PENSION PLANS (continued)**

**B. Plan Description - School Employees Retirement System (SERS)**

Plan Description – Academy non-teaching employees participate in SERS, a statewide, 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

| <u>Benefits</u>     | <u>Eligible to Retire on or before<br/>August 1, 2017*</u>                           | <u>Eligible to Retire On or After<br/>August 1, 2017</u>                             |
|---------------------|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Full                | Age 65 with 5 years of service credit; or<br>Any age with 30 years of service credit | Age 67 with 10 years of service credit, or<br>Age 57 with 30 years of service credit |
| Actuarially Reduced | Age 60 with 5 years of service credit, or<br>Age 55 with 25 years of service credit  | Age 62 with 10 years of service credit, or<br>Age 60 with 25 years of service credit |

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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. 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 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$24,552 for fiscal year 2023. The full amount was contributed for fiscal year 2023.



**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**C. Plan Description - State Teachers Retirement System (STRS)**

Plan Description – Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://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. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**8. DEFINED BENEFIT PENSION PLANS (continued)**

**C. Plan Description - State Teachers Retirement System (STRS) (continued)**

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$83,738 for fiscal year 2023. Of that amount, \$10,319 is recorded as a net liability of the Academy.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

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 independent actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

|                                                  | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u> |
|--------------------------------------------------|--------------------|--------------------|--------------|
| Proportion of the net liability:                 |                    |                    |              |
| Current measurement date                         | 0.00416940%        | 0.00415326%        |              |
| Prior measurement date                           | 0.00311850%        | 0.00363634%        |              |
| Change in proportionate share                    | <u>0.00105090%</u> | <u>0.00051692%</u> |              |
| <br>                                             |                    |                    |              |
| Proportionate share of the net pension liability | \$ 225,514         | \$ 923,276         | \$ 1,148,790 |
| Pension expense                                  | \$ (39,897)        | \$ 45,346          | \$ 5,449     |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**8. DEFINED BENEFIT PENSION PLANS (continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                              | <u>SERS</u>          | <u>STRS</u>           | <u>Total</u>          |
|--------------------------------------------------------------------------------------------------------------|----------------------|-----------------------|-----------------------|
| <b>Deferred Outflows of Resources - Pension</b>                                                              |                      |                       |                       |
| Differences between expected and actual experience                                                           | \$ 9,134             | \$ 11,818             | \$ 20,952             |
| Net difference between projected and actual earnings on pension plan investments                             | -                    | 32,129                | 32,129                |
| Changes of assumptions                                                                                       | 2,226                | 110,489               | 112,715               |
| Changes in proportion and differences between Academy contributions and proportionate share of contributions | 38,880               | 75,306                | 114,186               |
| Academy contributions subsequent to the measurement date                                                     | <u>24,552</u>        | <u>83,738</u>         | <u>108,290</u>        |
| <br>Total deferred outflows of resources                                                                     | <br><u>\$ 74,792</u> | <br><u>\$ 313,480</u> | <br><u>\$ 388,272</u> |
| <br><b>Deferred Inflows of Resources - Pension</b>                                                           |                      |                       |                       |
| Differences between expected and actual experience                                                           | \$ 1,481             | \$ 3,532              | \$ 5,013              |
| Net difference between projected and actual earnings on pension plan investments                             | 7,871                | 0                     | 7,871                 |
| Changes of assumptions                                                                                       | 0                    | 83,166                | 83,166                |
| Changes in proportion and differences between Academy contributions and proportionate share of contributions | <u>49,294</u>        | <u>71,531</u>         | <u>120,825</u>        |
| <br>Total deferred inflows of resources                                                                      | <br><u>\$ 58,646</u> | <br><u>\$ 158,229</u> | <br><u>\$ 216,875</u> |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**8. DEFINED BENEFIT PENSION PLANS (continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

\$108,290 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal 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:

**Amortization of Deferred Outflows and Deferred Inflows - Pension**

| <b>Fiscal Year Ending<br/><u>June 30:</u></b> | <b><u>SERS</u></b> | <b><u>STRS</u></b> | <b><u>Total</u></b> |
|-----------------------------------------------|--------------------|--------------------|---------------------|
| 2024                                          | \$ (28,624)        | \$ (5,114)         | \$ (33,738)         |
| 2025                                          | 18,384             | (3,832)            | 14,552              |
| 2026                                          | (11,242)           | (13,176)           | (24,418)            |
| 2027                                          | <u>13,076</u>      | <u>93,635</u>      | <u>106,711</u>      |
| Total to be amortized                         | <u>\$ (8,406)</u>  | <u>\$ 71,513</u>   | <u>\$ 63,107</u>    |

**E. 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.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**E. Actuarial Assumptions – SERS (continued)**

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and June 30, 2021, are presented below:

| <u>Method</u>                                | <u>Assumption</u>                                                                                                          |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method                        | Entry Age Normal (Level Percent of Payroll, Closed)                                                                        |
| Inflation                                    | 2.40 percent                                                                                                               |
| Future salary increases, including inflation | 3.25 percent to 13.58 percent                                                                                              |
| Investment rate of return                    | 7.00 percent net of investment expense, including inflation                                                                |
| COLA or ad hoc COLA                          | 2.00 percent, on and after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |

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 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**8. DEFINED BENEFIT PENSION PLANS (continued)**

**E. Actuarial Assumptions – SERS (continued)**

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

**Real Rates of Return on Pension Plan Investments - SERS**

| <u>Asset Class</u>          | <u>Target Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|-----------------------------|--------------------------|---------------------------------------------------|
| 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 | <u>3.00</u>              | 5.38                                              |
|                             | <u>100.00 %</u>          |                                                   |

**Discount Rate** The total pension liability for 2022 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 earnings 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 Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Academy'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.

**Sensitivity to Changes in Discount Rate - SERS**

|                                                            | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| Academy's proportionate share of the net pension liability | \$ 331,945         | \$ 225,514                       | \$ 135,846         |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**F. 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, are presented below:

**Calculating Total Pension Liability - STRS**

| <u>Method</u>                     | <u>Assumption</u>                                             |
|-----------------------------------|---------------------------------------------------------------|
| 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 age from 2.50 percent to 12.50 percent              |
| Payroll increases                 | 3.00 percent                                                  |
| Investment rate of return         | 7.00 percent, net of investment expenses, including inflation |
| Discount rate of return           | 7.00 percent                                                  |
| Cost-of-living adjustments (COLA) | 0.00 percent effective July 1, 2017                           |

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

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' 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:

**ACHIEVE CAREER PREPARATORY ACADEMY**

Lucas County, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**8. DEFINED BENEFIT PENSION PLANS (continued)**

**F. Actuarial Assumptions – STRS (continued)**

**Real Rates of Return on Pension Plan Investments - STRS**

| <u>Asset Class</u>   | <u>Target Allocation*</u> | <u>Long Term Expected<br/>Real Rate of Return**</u> |
|----------------------|---------------------------|-----------------------------------------------------|
| 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   | <u>1.00</u>               | 1.00                                                |
|                      | <u>100.00 %</u>           |                                                     |

\*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 pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Academy's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

**Sensitivity to Changes in Discount Rate - STRS**

|                                                            | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|------------------------------------------------------------|--------------------|----------------------------------|--------------------|
| Academy's proportionate share of the net pension liability | \$ 1,394,732       | \$ 923,276                       | \$ 524,568         |



**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**F. Actuarial Assumptions – STRS (continued)**

***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.

**9. DEFINED BENEFIT OPEB PLANS**

See Note 8 for a description of the net OPEB liability (asset).

**A. 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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](http://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, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**9. DEFINED BENEFIT OPEB PLANS (continued)**

**A. Plan Description - School Employees Retirement System (SERS) (continued)**

1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Academy's surcharge obligation was \$2,510, which is reported as a payable to the retirement system. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

**B. Plan Description - State Teachers Retirement System (STRS)**

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

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

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

|                                                       | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u> |
|-------------------------------------------------------|--------------------|--------------------|--------------|
| Proportion of the net OPEB liability/(asset):         |                    |                    |              |
| Current measurement date                              | 0.00428540%        | 0.00415326%        |              |
| Prior measurement date                                | <u>0.00322990%</u> | <u>0.00363634%</u> |              |
| Change in proportionate share                         | <u>0.00105550%</u> | <u>0.00051692%</u> |              |
| <br>                                                  |                    |                    |              |
| Proportionate share of the net OPEB liability (asset) | \$ 60,167          | \$ (107,542)       | \$ (47,375)  |
| OPEB expense                                          | \$ (19,871)        | \$ (100,492)       | \$ (120,363) |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**9. DEFINED BENEFIT OPEB PLANS (continued)**

**C. Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                                                              | <u>SERS</u>       | <u>STRS</u>       | <u>Total</u>      |
|--------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Deferred Outflows of Resources - OPEB</b>                                                                 |                   |                   |                   |
| Differences between expected and actual experience                                                           | \$ 504            | \$ 1,559          | \$ 2,063          |
| Net difference between projected and actual earnings on OPEB plan investments                                | 315               | 1,873             | 2,188             |
| Changes of assumptions                                                                                       | 9,571             | 4,580             | 14,151            |
| Changes in proportion and differences between Academy contributions and proportionate share of contributions | 45,418            | 6,669             | 52,087            |
| Academy contributions subsequent to the measurement date                                                     | <u>2,510</u>      | <u>-</u>          | <u>2,510</u>      |
| Total deferred outflows of resources - OPEB                                                                  | <u>\$ 58,318</u>  | <u>\$ 14,681</u>  | <u>\$ 72,999</u>  |
| <b>Deferred Inflows of Resources - OPEB</b>                                                                  |                   |                   |                   |
| Differences between expected and actual experience                                                           | \$ 38,485         | \$ 16,152         | \$ 54,637         |
| Changes of assumptions                                                                                       | 24,698            | 76,255            | 100,953           |
| Changes in proportion and differences between Academy contributions and proportionate share of contributions | <u>80,386</u>     | <u>176,678</u>    | <u>257,064</u>    |
| Total deferred inflows of resources - OPEB                                                                   | <u>\$ 143,569</u> | <u>\$ 269,085</u> | <u>\$ 412,654</u> |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**9. DEFINED BENEFIT OPEB PLANS (continued)**

**C. Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

\$2,510 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal 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:

**Amortization of Deferred Outflows and Deferred Inflows - OPEB**

| <b>Fiscal Year Ending<br/><u>June 30:</u></b> | <b><u>SERS</u></b> | <b><u>STRS</u></b>  | <b><u>Total</u></b> |
|-----------------------------------------------|--------------------|---------------------|---------------------|
| 2024                                          | \$ (23,371)        | \$ (105,773)        | \$ (129,144)        |
| 2025                                          | (22,815)           | (112,072)           | (134,887)           |
| 2026                                          | (19,792)           | (12,391)            | (32,183)            |
| 2027                                          | (14,909)           | (4,956)             | (19,865)            |
| 2028                                          | (7,278)            | (6,370)             | (13,648)            |
| Thereafter                                    | <u>404</u>         | <u>(12,842)</u>     | <u>(12,438)</u>     |
| Total to be amortized                         | <u>\$ (87,761)</u> | <u>\$ (254,404)</u> | <u>\$ (342,165)</u> |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**9. DEFINED BENEFIT OPEB PLANS (continued)**

**D. 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:

**Calculating Total OPEB Liability - SERS**

| <u>Method</u>                         | <u>Assumption</u>                                                       |
|---------------------------------------|-------------------------------------------------------------------------|
| Inflation                             | 2.40 percent                                                            |
| Salary increases, including inflation | 3.25 percent to 13.58 percent                                           |
| Investment rate of return             | 7.00 percent net of investment 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 percent - 4.40 percent                                            |
| Pre-Medicare                          | 6.750 percent - 4.40 percent                                            |
| Medical trend assumption              | 7.00 percent - 4.40 percent                                             |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**9. DEFINED BENEFIT OPEB PLANS (continued)**

**D. Actuarial Assumptions – SERS (continued)**

Mortality rates among healthy retirees were based on the 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on 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 long-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:

**Real Rates of Return on OPEB Plan Investments - SERS**

| <b><u>Asset Class</u></b>   | <b><u>Target Allocation</u></b> | <b><u>Long Term Expected<br/>Real Rate of Return</u></b> |
|-----------------------------|---------------------------------|----------------------------------------------------------|
| 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                            | 5.38                                                     |
|                             | <u>100.00 %</u>                 |                                                          |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**9. DEFINED BENEFIT OPEB PLANS (continued)**

**D. Actuarial Assumptions – SERS (continued)**

**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 all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of 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 percent at June 30, 2022 and 1.92 percent 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 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

**Sensitivity to Changes in Discount Rate - SERS**

|                                                         | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|---------------------------------------------------------|--------------------|----------------------------------|--------------------|
| Academy’s proportionate share of the net OPEB liability | \$ 74,729          | \$ 60,167                        | \$ 48,412          |

**Sensitivity to Changes in Trend Rate - SERS**

|                                                         | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|---------------------------------------------------------|--------------------|-------------------------------|--------------------|
| Academy’s proportionate share of the net OPEB liability | \$ 46,400          | \$ 60,167                     | \$ 78,150          |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**9. DEFINED BENEFIT OPEB PLANS (continued)**

**E. 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 are presented below:

**Calculating Total OPEB Liability - STRS**

| <u>Method</u>              | <u>Assumption</u>                                             |                                                               |
|----------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
|                            | June 30, 2022                                                 | June 30, 2021                                                 |
| Projected salary increases | Varies by service from 2.50 percent to 8.50 percent           | Varies by age 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                                                  | 7.00 percent                                                  |
| Healthcare cost trends     |                                                               |                                                               |
| Medical                    |                                                               |                                                               |
| Pre-Medicare               | 7.50 percent initial<br>3.94 percent ultimate                 | 5.00 percent initial<br>4.00 percent ultimate                 |
| Medicare                   | (68.78) percent initial<br>3.94 percent ultimate              | (16.18) percent initial<br>4.00 percent ultimate              |
| Prescription drug          |                                                               |                                                               |
| Pre-Medicare               | 9.00 percent initial<br>3.94 percent ultimate                 | 6.50 percent initial<br>4.00 percent ultimate                 |
| Medicare                   | (5.47) percent initial<br>3.94 percent ultimate               | 29.98 percent initial<br>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.



**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**9. DEFINED BENEFIT OPEB PLANS (continued)**

**E. Actuarial Assumptions – STRS (continued)**

Actuarial assumptions used in the June 30, 2022, valuation are 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:

**Real Rates of Return on OPEB Plan Investments - STRS**

| <u>Asset Class</u>   | <u>Target Allocation*</u> | <u>Long Term Expected Real Rate of Return**</u> |
|----------------------|---------------------------|-------------------------------------------------|
| 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   | <u>1.00</u>               | 1.00                                            |
|                      | <u>100.00 %</u>           |                                                 |

\*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 assumed STRS 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 Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate 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.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**9. DEFINED BENEFIT OPEB PLANS (continued)**

**E. Actuarial Assumptions – STRS (continued)**

**Sensitivity to Changes in Discount Rate - STRS**

|                                                     | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|-----------------------------------------------------|--------------------|----------------------------------|--------------------|
| Academy's proportionate share of the net OPEB asset | \$ (99,419)        | \$ (107,542)                     | \$ (114,499)       |

**Sensitivity to Changes in Trend Rate - STRS**

|                                                     | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|-----------------------------------------------------|--------------------|-------------------------------|--------------------|
| Academy's proportionate share of the net OPEB asset | \$ (111,547)       | \$ (107,542)                  | \$ (102,486)       |

**10. CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2023.

**B. Litigation**

The Academy is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

**C. State Foundation Funding**

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

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

As a result of the fiscal year 2023 reviews, the Academy owed \$3,887 to ODE.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**11. PURCHASED SERVICE EXPENSES**

For the period ended June 30, 2023, purchased service expenses were payments for services rendered by various vendors and adjustments related to pension and OPEB, as follows:

**Purchased Services**

| <u>Category</u>                           | <u>FY2023</u>             |
|-------------------------------------------|---------------------------|
| Salaries                                  | \$ 843,099                |
| Fringe benefits                           | 14,938                    |
| Other professional and technical services | 80,203                    |
| The Leona Group, LLC                      | 155,479                   |
| Legal services                            | 908                       |
| Buckeye Community Hope Foundation         | 22,937                    |
| Cleaning services                         | 20,588                    |
| Repairs and maintenance                   | 25,996                    |
| Other rentals                             | 6,056                     |
| Communication                             | 19,349                    |
| Advertising                               | 2,136                     |
| Utilities                                 | 63,320                    |
| Contracted food service                   | 28,203                    |
| Pupil transportation                      | <u>5,900</u>              |
| Total purchased services                  | <u><u>\$1,289,112</u></u> |

**12. LEASES**

**A. Equipment Leases**

During January 2019, the Academy entered into leases with Konica Minolta for two copiers for 48 months each at a total monthly rental fee of \$838. Both leases expired in January 2023 and the equipment was rented on a month-to-month basis until the Academy closed on June 30, 2023.

**B. Facility Lease**

On May 19, 2016, the Academy entered into a lease for the period July 1, 2016 through June 30, 2021 with Beverly Victory Avenue Property Holdings, LLC (BVAPH), a TLG-affiliated company. Annual rent for the first two years of the lease is \$120,000, and \$144,000 thereafter. On August 4, 2021, the lease was extended for an additional four-year term through June 30, 2025, with annual rent of \$144,000.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**12. LEASES (continued)**

**C. GASB Statement No. 87**

In previous fiscal years, these leases were treated as operating leases. In accordance with GASB Statement No. 87, the Academy evaluated these leases and determined that they meet the criteria for recording them as lease liabilities. The Academy calculated the liabilities based on the present value of the future lease payments as of July 1, 2021, using the Academy's incremental borrowing rate of 3.65 percent, and amortized payments over the life of the lease.

Due to cash flow issues affecting the Academy's ability to pay, rent from December 2020 forward is still outstanding. Outstanding rent payable to Beverly Victory Avenue Property Holdings, LLC prior to the implementation of GASB 87 is recorded in contracts payable. Unpaid rent for the month of July 2021 forward is presented in the financial statements as leases payable – current portion and interest payable. Beverly Victory Avenue Property Holdings, LLC has opted not to record additional interest or late charges on the unpaid balance. A security deposit being held by the lessor in the amount of \$10,000 was applied to the oldest outstanding rent.

During the fiscal year, the Academy made lease payments totaling \$5,866, consisting of \$5,796 in principal and \$70 in interest. In addition, there was rental expense of \$6,065 consisting of month-to-month payments on expired equipment leases, and rental expense and payout on an equipment lease that did not meet GASB87 criteria.

The following is a schedule of the future minimum payments required under the leases, consisting totally of unpaid facility rent under GASB7 through June 30, 2023:

**Future Minimum Lease Due**

| <u>Fiscal Year Ending June 30,</u> | <u>Annual Total</u> | <u>Principal</u>  | <u>Interest</u>  |
|------------------------------------|---------------------|-------------------|------------------|
| 2024                               | \$ 288,000          | \$ 257,837        | \$ 30,163        |
| Total minimum lease payments       | <u>\$ 288,000</u>   | <u>\$ 257,837</u> | <u>\$ 30,163</u> |

**13. DEBT**

Lease obligation is being recognized due to the implementation of GASB Statement No. 87 as previously described in Note 12. Due to the closure of the Academy the remaining lease obligation beyond June 30, 2023 was recorded as a gain on early termination of lease in the accompanying financial statements.

See Note 8 for detail on the Academy's net pension liability and Note 9 for detail on the Academy's net OPEB liability.

Debt activity during fiscal year 2023 is shown in the table on the next page:

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**13. DEBT (continued)**

| <u>Owed To</u>                                                 | <u>Debt Activity</u>        |                   |                    | <u>Balance at 6/30/2023</u> | <u>Due in one year</u> |
|----------------------------------------------------------------|-----------------------------|-------------------|--------------------|-----------------------------|------------------------|
|                                                                | <u>Balance at 6/30/2022</u> | <u>Additions</u>  | <u>Reductions*</u> |                             |                        |
| Beverly Victory Avenue Property Holdings, LLC - facility lease | \$ 535,170                  | \$ -              | \$ 277,333         | \$ 257,837                  | \$ 257,837             |
| Konica Minolta - equipment leases                              | 5,796                       | -                 | 5,796              | -                           | -                      |
| Net pension liability                                          | 580,003                     | 568,787           | -                  | 1,148,790                   | -                      |
| Net OPEB liability                                             | <u>61,129</u>               | <u>-</u>          | <u>962</u>         | <u>60,167</u>               | <u>-</u>               |
| Total                                                          | <u>\$ 1,182,098</u>         | <u>\$ 568,787</u> | <u>\$ 284,091</u>  | <u>\$ 1,466,794</u>         | <u>\$ 257,837</u>      |

\*Reductions include payments on equipment leases and retirement of debt due to the closure of the Academy.

**14. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT**

On May 29, 2019, the Academy entered into a one-year contract through June 20, 2020 with The Leona Group, LLC, for educational management services for all of the management, operation, administration, and education at the Academy. On April 8, 2020, the agreement was amended to extend the contract through June 30, 2025. In exchange for its services, TLG receives a capitation fee of 12 percent of the gross revenue.

On August 4, 2021, due to the unprecedented amount of funding received from the Federal Government as a result of the Elementary and Secondary School Emergency Relief Fund (ESSER), the board of directors signed a resolution to accept TLG's offer to reduce capitation fees on ESSER II and ESSER III grant funds to 2 percent. The amount recorded for total capitation fees in fiscal year 2023 is \$155,479.

Terms of the management contract require TLG to provide the following:

- A. implementation and administration of the educational program;
- B. management of all personnel functions, including professional development;
- C. operation of the school building and the installation of technology integral to school design;
- D. all aspects of the business administration of the Academy;
- E. the provision of food service for the Academy; and
- F. any other function necessary or expedient for the administration of the Academy.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

**14. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT (continued)**

Also, there are expenses that are billed to the Academy based on the actual costs incurred for the Academy by The Leona Group, LLC. These expenses include salaries of The Leona Group, LLC., employees working at the Academy, and other costs related to providing educational and administrative services. Indirect costs benefitting more than one Academy are charged to each Academy pro-rated based on how the related service is rendered or costs incurred (i.e. actual expenses incurred, student count, or staffing levels.)

For the year ended June 30, 2023, those expenses are shown in the following table:

**Related Party Transactions**

*Function (code range)*

|                                           | Regular<br>Instruction<br>(1100) | Special<br>Instruction<br>(1200) | Other<br>Instruction<br>(1400/1900) | Support<br>Services<br>(2000) | Non-<br>Instructional<br>(3000-7000) | Total               |
|-------------------------------------------|----------------------------------|----------------------------------|-------------------------------------|-------------------------------|--------------------------------------|---------------------|
| <b>Direct expenses:</b>                   |                                  |                                  |                                     |                               |                                      |                     |
| <i>Object (code range)</i>                |                                  |                                  |                                     |                               |                                      |                     |
| Salaries and wages (100)                  | \$ 172,811                       | \$ 157,412                       | \$ 21,000                           | \$ 512,680                    | \$ 602                               | \$ 864,505          |
| Employees' benefits (200)                 | 40,074                           | 42,891                           | 5,825                               | 161,630                       | 145                                  | 250,565             |
| Professional and technical services (410) | -                                | -                                | -                                   | 13,103                        | -                                    | 13,103              |
| Property services (420)                   | -                                | -                                | -                                   | 758                           | -                                    | 758                 |
| Supplies (500)                            | 4,689                            | -                                | -                                   | 762                           | -                                    | 5,451               |
| Principal (lease liability) (810)         | -                                | -                                | -                                   | 131,268                       | -                                    | 131,268             |
| Interest (820)                            | -                                | -                                | -                                   | 12,732                        | -                                    | 12,732              |
| Other direct costs (all other)            | -                                | -                                | -                                   | 11,384                        | -                                    | 11,384              |
| <b>Total expenses</b>                     | <b>\$ 217,574</b>                | <b>\$ 200,303</b>                | <b>\$ 26,825</b>                    | <b>\$ 844,317</b>             | <b>\$ 747</b>                        | <b>\$ 1,289,766</b> |

At June 30, 2023, the Academy had payables to The Leona Group, LLC, and related parties, totaling \$437,521. The following is a schedule of payables to The Leona Group, LLC and related parties:

**Balance Due to The Leona Group, LLC, and Related Parties**

| <u>Type</u>     | <u>June 30, 2023</u> |
|-----------------|----------------------|
| Management fees | \$ 360,090           |
| Rent            | 74,000               |
| Miscellaneous   | 3,431                |
| <b>Total</b>    | <b>\$ 437,521</b>    |

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

*(continued)*

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**15. INTERGOVERNMENTAL PAYABLE**

Intergovernmental payables at June 30, 2023, totaling \$25,477, consisted of the following:

**Intergovernmental Payables**

| <u>Source</u>                                                   | <u>June 30, 2023</u> |
|-----------------------------------------------------------------|----------------------|
| SERS-STRS due to other academy                                  | \$ 3,088             |
| Final foundation adjustment due to Ohio Department of Education | 3,887                |
| Student wellness surplus due to Ohio Department of Education    | <u>18,502</u>        |
| Total intergovernmental payable                                 | <u>\$ 25,477</u>     |

**16. GOING CONCERN AND ACADEMY CLOSURE**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which contemplates continuation of the Academy as a going concern.

The Academy had an operating loss of \$1,010,955, an increase of net position of \$295,864, and current liabilities exceeding current assets by \$370,187 with a net deficit of \$1,639,860 for the fiscal year ended June 30, 2023.

\$225,714 in credits to pension- and OPEB-related expense accounts affecting operating loss were beyond the Academy's control. Capital and lease asset activity related to the closure of the academy increased net position by \$46,077. Net position net of those items increased \$24,073.

On April 13, 2023, the Governing Authority of the Academy approved a resolution to voluntarily cease operations effective June 30, 2023 due to financial instability. The Academy has followed ODE closing procedures regarding notices, student records, and personal property owned by the Academy.

As of November 21, 2023, the date this report was submitted for audit, the Academy had a cash balance of \$7,203, receivables of \$30,005 and known current liabilities, including management fees due to TLG and rent due to BVAPH, of \$411,221. Once all costs and liabilities are known and any funds due to the Academy have been collected, the funds will be allocated among the vendors with outstanding balances owed. It is not anticipated that any funds will remain to return to the Ohio Department of Education.

As of March 20, 2024, the date this report is dated, the Academy had a cash balance of \$11.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years*

|                                                                                                   | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                                           |             |             |             |             |
| Academy's proportion of the net pension liability                                                 | 0.00416940% | 0.00311850% | 0.00662090% | 0.00567170% |
| Academy's proportionate share of the net pension liability                                        | \$ 225,514  | \$ 115,064  | \$ 437,920  | \$ 339,348  |
| Academy's covered payroll                                                                         | \$ 153,964  | \$ 108,664  | \$ 219,036  | \$ 202,652  |
| Academy's proportionate share of the net pension liability as a percentage of its covered payroll | 146.47%     | 105.89%     | 199.93%     | 167.45%     |
| Plan fiduciary net position as a percentage of the total pension liability                        | 75.82%      | 82.86%      | 68.55%      | 70.85%      |
| <br>                                                                                              |             |             |             |             |
| <b><i>State Teachers Retirement System (STRS)</i></b>                                             |             |             |             |             |
| Academy's proportion of the net pension liability                                                 | 0.00415326% | 0.00363634% | 0.00391169% | 0.00423218% |
| Academy's proportionate share of the net pension liability                                        | \$ 923,276  | \$ 464,939  | \$ 946,490  | \$ 935,921  |
| Academy's covered payroll                                                                         | \$ 554,107  | \$ 416,364  | \$ 487,621  | \$ 515,500  |
| Academy's proportionate share of the net pension liability as a percentage of its covered payroll | 166.62%     | 111.67%     | 194.10%     | 181.56%     |
| Plan fiduciary net position as a percentage of the total pension liability                        | 78.88%      | 87.78%      | 75.48%      | 77.40%      |

Note: 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 Supplementary Information.



**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years*  
*(continued)*

|                                                                                                   | <u>2019</u> | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  |
|---------------------------------------------------------------------------------------------------|-------------|--------------|--------------|--------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                                           |             |              |              |              |
| Academy's proportion of the net pension liability                                                 | 0.00628270% | 0.00647790%  | 0.00720790%  | 0.00772960%  |
| Academy's proportionate share of the net pension liability                                        | \$ 359,822  | \$ 387,040   | \$ 527,552   | \$ 441,058   |
| Academy's covered payroll                                                                         | \$ 207,956  | \$ 217,186   | \$ 221,314   | \$ 232,693   |
| Academy's proportionate share of the net pension liability as a percentage of its covered payroll | 173.03%     | 178.21%      | 238.37%      | 189.54%      |
| Plan fiduciary net position as a percentage of the total pension liability                        | 71.36%      | 69.50%       | 62.98%       | 69.16%       |
| <br><b><i>State Teachers Retirement System (STRS)</i></b>                                         |             |              |              |              |
| Academy's proportion of the net pension liability                                                 | 0.00441951% | 0.00588246%  | 0.00500933%  | 0.00414511%  |
| Academy's proportionate share of the net pension liability                                        | \$ 971,751  | \$ 1,397,391 | \$ 1,676,774 | \$ 1,145,587 |
| Academy's covered payroll                                                                         | \$ 500,129  | \$ 648,329   | \$ 531,707   | \$ 432,471   |
| Academy's proportionate share of the net pension liability as a percentage of its covered payroll | 194.30%     | 215.54%      | 315.36%      | 264.89%      |
| Plan fiduciary net position as a percentage of the total pension liability                        | 77.31%      | 75.30%       | 66.80%       | 72.10%       |

Note: 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 Supplementary Information.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years*  
*(continued)*

|                                                                                                   | <u>2015</u>  | <u>2014</u>  |
|---------------------------------------------------------------------------------------------------|--------------|--------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                                           |              |              |
| Academy's proportion of the net pension liability                                                 | 0.00841400%  | 0.00841400%  |
| Academy's proportionate share of the net pension liability                                        | \$ 425,828   | \$ 500,354   |
| Academy's covered payroll                                                                         | \$ 245,000   | \$ 220,549   |
| Academy's proportionate share of the net pension liability as a percentage of its covered payroll | 173.81%      | 226.87%      |
| Plan fiduciary net position as a percentage of the total pension liability                        | 71.70%       | 65.52%       |
| <br><b><i>State Teachers Retirement System (STRS)</i></b>                                         |              |              |
| Academy's proportion of the net pension liability                                                 | 0.00451202%  | 0.00451202%  |
| Academy's proportionate share of the net pension liability                                        | \$ 1,097,479 | \$ 1,307,310 |
| Academy's covered payroll                                                                         | \$ 431,508   | \$ 529,969   |
| Academy's proportionate share of the net pension liability as a percentage of its covered payroll | 254.34%      | 246.68%      |
| Plan fiduciary net position as a percentage of the total pension liability                        | 74.70%       | 69.30%       |

Note: 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 Supplementary Information.

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**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Pension Contributions*  
*Last Ten Fiscal Years*

|                                                                                 | <u>2023</u>     | <u>2022</u>     | <u>2021</u>     | <u>2020</u>     | <u>2019</u>     |
|---------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>School Employees Retirement System (SERS)</b>                                |                 |                 |                 |                 |                 |
| Contractually required pension contribution                                     | \$ 24,552       | \$ 21,555       | \$ 15,213       | \$ 30,665       | \$ 27,358       |
| Contributions in relation to the<br>contractually required pension contribution | <u>(24,552)</u> | <u>(21,555)</u> | <u>(15,213)</u> | <u>(30,665)</u> | <u>(27,358)</u> |
| Contribution deficiency (excess)                                                | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     |
| Academy's covered payroll                                                       | \$ 175,371      | \$ 153,964      | \$ 108,664      | \$ 219,036      | \$ 202,652      |
| Contributions as a percentage of<br>covered payroll                             | 14.00%          | 14.00%          | 14.00%          | 14.00%          | 13.50%          |
| <b>State Teachers Retirement System (STRS)</b>                                  |                 |                 |                 |                 |                 |
| Contractually required pension contribution                                     | \$ 83,738       | \$ 77,575       | \$ 58,291       | \$ 68,267       | \$ 72,170       |
| Contributions in relation to the<br>contractually required pension contribution | <u>(83,738)</u> | <u>(77,575)</u> | <u>(58,291)</u> | <u>(68,267)</u> | <u>(72,170)</u> |
| Contribution deficiency (excess)                                                | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     |
| Academy's covered payroll                                                       | \$ 598,129      | \$ 554,107      | \$ 416,364      | \$ 487,621      | \$ 515,500      |
| Contributions as a percentage of<br>covered payroll                             | 14.00%          | 14.00%          | 14.00%          | 14.00%          | 14.00%          |

Note: See accompanying Notes to the Required Supplementary Information

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Pension Contributions*  
*Last Ten Fiscal Years*  
*(continued)*

|                                                                                 | <u>2018</u>     | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     | <u>2014</u>     |
|---------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                         |                 |                 |                 |                 |                 |
| Contractually required pension contribution                                     | \$ 28,074       | \$ 30,406       | \$ 30,984       | \$ 30,669       | \$ 33,957       |
| Contributions in relation to the<br>contractually required pension contribution | <u>(28,074)</u> | <u>(30,406)</u> | <u>(30,984)</u> | <u>(30,669)</u> | <u>(33,957)</u> |
| Contribution deficiency (excess)                                                | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     |
| Academy's covered payroll                                                       | \$ 207,956      | \$ 217,186      | \$ 221,314      | \$ 232,693      | \$ 245,000      |
| Contributions as a percentage of<br>covered payroll                             | 13.50%          | 14.00%          | 14.00%          | 13.18%          | 13.86%          |
| <br>                                                                            |                 |                 |                 |                 |                 |
| <b><i>State Teachers Retirement System (STRS)</i></b>                           |                 |                 |                 |                 |                 |
| Contractually required pension contribution                                     | \$ 70,018       | \$ 90,766       | \$ 74,439       | \$ 60,546       | \$ 56,096       |
| Contributions in relation to the<br>contractually required pension contribution | <u>(70,018)</u> | <u>(90,766)</u> | <u>(74,439)</u> | <u>(60,546)</u> | <u>(56,096)</u> |
| Contribution deficiency (excess)                                                | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     | <u>\$ 0</u>     |
| Academy's covered payroll                                                       | \$ 500,129      | \$ 648,329      | \$ 531,707      | \$ 432,471      | \$ 431,508      |
| Contributions as a percentage of<br>covered payroll                             | 14.00%          | 14.00%          | 14.00%          | 14.00%          | 13.00%          |

Note: See accompanying Notes to the Required Supplementary Information

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Proportionate Share of the Net OPEB Asset/Liability*  
*Last Seven Fiscal Years <sup>(1)</sup>*

|                                                                                                        | <u>2023</u>  | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--------------------------------------------------------------------------------------------------------|--------------|-------------|-------------|-------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                                                |              |             |             |             |
| Academy's proportion of the net OPEB liability                                                         | 0.00428540%  | 0.00322990% | 0.00687000% | 0.00586080% |
| Academy's proportionate share of the net OPEB liability                                                | \$ 60,167    | \$ 61,129   | \$ 149,308  | \$ 147,387  |
| Academy's covered payroll                                                                              | \$ 153,964   | \$ 108,664  | \$ 219,036  | \$ 202,652  |
| Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll         | 39.08%       | 56.25%      | 68.17%      | 72.73%      |
| Plan fiduciary net position as a percentage of the total OPEB liability                                | 30.34%       | 24.08%      | 18.17%      | 15.57%      |
| <br>                                                                                                   |              |             |             |             |
| <b><i>State Teachers Retirement System (STRS)</i></b>                                                  |              |             |             |             |
| Academy's proportion of the net OPEB liability/(asset)                                                 | 0.00415326%  | 0.00363634% | 0.00391169% | 0.00423218% |
| Academy's proportionate share of the net OPEB liability/(asset)                                        | \$ (107,542) | \$ (76,669) | \$ (68,748) | \$ (70,095) |
| Academy's covered payroll                                                                              | \$ 554,107   | \$ 416,364  | \$ 487,621  | \$ 515,500  |
| Academy's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll | (19.41)%     | (18.41)%    | (14.10)%    | (13.60)%    |
| Plan fiduciary net position as a percentage of the total OPEB liability                                | 230.73%      | 174.73%     | 182.10%     | 174.70%     |

<sup>(1)</sup> Information prior to 2017 is not available. Schedule will eventually report ten years of data.

Note: 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 Supplementary Information.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Proportionate Share of the Net OPEB Asset/Liability*  
*Last Seven Fiscal Years <sup>(1)</sup>*  
*(continued)*

|                                                                                                        | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                                                |             |             |             |
| Academy's proportion of the net OPEB liability                                                         | 0.00639220% | 0.00657730% | 0.00729125% |
| Academy's proportionate share of the net OPEB liability                                                | \$ 177,337  | \$ 176,517  | \$ 207,828  |
| Academy's covered payroll                                                                              | \$ 207,956  | \$ 217,186  | \$ 221,314  |
| Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll         | 85.28%      | 81.27%      | 93.91%      |
| Plan fiduciary net position as a percentage of the total OPEB liability                                | 13.57%      | 12.46%      | 11.49%      |
| <br>                                                                                                   |             |             |             |
| <b><i>State Teachers Retirement System (STRS)</i></b>                                                  |             |             |             |
| Academy's proportion of the net OPEB liability/(asset)                                                 | 0.00441951% | 0.00588246% | 0.00500933% |
| Academy's proportionate share of the net OPEB liability/(asset)                                        | \$ (71,017) | \$ 229,512  | \$ 267,900  |
| Academy's covered payroll                                                                              | \$ 500,129  | \$ 648,329  | \$ 531,707  |
| Academy's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll | (14.20)%    | 35.40%      | 50.38%      |
| Plan fiduciary net position as a percentage of the total OPEB liability                                | 176.00%     | 47.10%      | 37.30%      |

<sup>(1)</sup> Information prior to 2017 is not available. Schedule will eventually report ten years of data.

Note: 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 Supplementary Information.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's OPEB Contributions*  
*Last Ten Fiscal Years*

|                                                                              | <u>2023</u>    | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    |
|------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                      |                |                |                |                |                |
| Contractually required OPEB contribution <sup>(1)</sup>                      | \$ 2,510       | \$ 2,912       | \$ 2,141       | \$ 4,411       | \$ 4,817       |
| Contributions in relation to the<br>contractually required OPEB contribution | <u>(2,510)</u> | <u>(2,912)</u> | <u>(2,141)</u> | <u>(4,411)</u> | <u>(4,817)</u> |
| Contribution deficiency (excess)                                             | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    |
| Academy's covered payroll                                                    | \$ 175,371     | \$ 153,964     | \$ 108,664     | \$ 219,036     | \$ 202,652     |
| Contributions as a percentage of<br>covered payroll                          | 1.43%          | 1.89%          | 1.97%          | 2.01%          | 2.38%          |
| <br>                                                                         |                |                |                |                |                |
| <b><i>State Teachers Retirement System (STRS)</i></b>                        |                |                |                |                |                |
| Contractually required OPEB contribution                                     | \$ 0           | \$ 0           | \$ 0           | \$ 0           | \$ 0           |
| Contributions in relation to the<br>contractually required OPEB contribution | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       |
| Contribution deficiency (excess)                                             | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    |
| Academy's covered payroll                                                    | \$ 598,129     | \$ 554,107     | \$ 416,364     | \$ 487,621     | \$ 515,500     |
| Contributions as a percentage of<br>covered payroll                          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |

<sup>(1)</sup> Includes surcharge

Note: See accompanying Notes to the Required  
Supplementary Information



**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's OPEB Contributions*  
*Last Ten Fiscal Years*  
*(continued)*

|                                                                              | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    |
|------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b><i>School Employees Retirement System (SERS)</i></b>                      |                |                |                |                |                |
| Contractually required OPEB contribution <sup>(1)</sup>                      | \$ 4,575       | \$ 3,602       | \$ 3,633       | \$ 4,333       | \$ 8,365       |
| Contributions in relation to the<br>contractually required OPEB contribution | <u>(4,575)</u> | <u>(3,602)</u> | <u>(3,633)</u> | <u>(4,333)</u> | <u>(8,365)</u> |
| Contribution deficiency (excess)                                             | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    |
| Academy's covered payroll                                                    | \$ 207,956     | \$ 217,186     | \$ 221,314     | \$ 232,693     | \$ 245,000     |
| Contributions as a percentage of<br>covered payroll                          | 2.20%          | 1.66%          | 1.64%          | 1.86%          | 3.41%          |
| <br>                                                                         |                |                |                |                |                |
| <b><i>State Teachers Retirement System (STRS)</i></b>                        |                |                |                |                |                |
| Contractually required OPEB contribution                                     | \$ 0           | \$ 0           | \$ 0           | \$ 0           | \$ 4,315       |
| Contributions in relation to the<br>contractually required OPEB contribution | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>0</u>       | <u>(4,315)</u> |
| Contribution deficiency (excess)                                             | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    | <u>\$ 0</u>    |
| Academy's covered payroll                                                    | \$ 500,129     | \$ 648,329     | \$ 531,707     | \$ 432,471     | \$ 431,508     |
| Contributions as a percentage of<br>covered payroll                          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 1.00%          |

<sup>(1)</sup> Includes surcharge

Note: See accompanying Notes to the Required Supplementary Information

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**1. NET PENSION LIABILITY**

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

**A. Changes in Assumptions – SERS**

For fiscal year 2022, 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.

**B. 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.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*  
*(continued)*

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**1. NET PENSION LIABILITY (continued)**

**C. 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.

**D. Changes in Benefit Terms - STRS**

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

**2. NET OPEB LIABILITY (ASSET)**

**A. 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 |

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*  
*(continued)*

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**2. NET OPEB LIABILITY (ASSET) (continued)**

**A. Changes in Assumptions – SERS (continued)**

Pre-Medicare Trend Assumption

|                  |                                                    |
|------------------|----------------------------------------------------|
| Fiscal year 2023 | 6.75 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  |

**B. Changes in Benefit Terms – SERS**

There have been no changes to the benefit provisions.

**C. 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.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*  
*(continued)*

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**2. NET OPEB LIABILITY (ASSET) (continued)**

**C. Changes in Assumptions – STRS (continued)**

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.

**D. 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.

**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| <b>FEDERAL GRANTOR</b><br><i>Pass Through Grantor</i><br>Program / Cluster Title                     | <b>Assistance<br/>Listing<br/>Number</b> | <b>Total Federal<br/>Expenditures</b> |
|------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                                                |                                          |                                       |
| <i>Passed Through Ohio Department of Education and Workforce</i>                                     |                                          |                                       |
| <u>Child Nutrition Cluster:</u>                                                                      |                                          |                                       |
| School Breakfast Program                                                                             | 10.553                                   | \$ 3,269                              |
| National School Lunch Program                                                                        | 10.555                                   | 20,781                                |
| Non-Cash Assistance (Food Distribution)                                                              | 10.555                                   | 7,842                                 |
| Total Child Nutrition Cluster                                                                        |                                          | <u>31,892</u>                         |
| <br>COVID-19 Pandemic EBT Administrative Costs                                                       | <br>10.649                               | <br><u>628</u>                        |
| <b>Total U.S. Department of Agriculture</b>                                                          |                                          | <b><u>32,520</u></b>                  |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                                                  |                                          |                                       |
| <i>Passed Through Ohio Department of Education and Workforce</i>                                     |                                          |                                       |
| <u>Special Education Cluster:</u>                                                                    |                                          |                                       |
| Special Education_Grants to States (IDEA, Part B)                                                    | 84.027                                   | <u>73,741</u>                         |
| Total Special Education Cluster                                                                      |                                          | <u>73,741</u>                         |
| <br>Title I Grants to Local Educational Agencies                                                     | <br>84.010                               | <br>193,293                           |
| <br>Improving Teacher Quality State Grants                                                           | <br>84.367                               | <br>2,593                             |
| <br>Student Support and Academic Enrichment Program                                                  | <br>84.424                               | <br>3,493                             |
| <u>Education Stabilization Fund:</u>                                                                 |                                          |                                       |
| COVID-19Elementary and Secondary School Emergency Relief (ESSER II) Fund                             | 84.425D                                  | 99,474                                |
| COVID-19 American Rescue Plan - Elementary and Secondary School<br>Emergency Relief (ARP ESSER) Fund | 84.425U                                  | <u>576,331</u>                        |
| Total Education Stabilization Fund                                                                   |                                          | <u>675,805</u>                        |
| <b>Total U.S. Department of Education</b>                                                            |                                          | <b><u>948,925</u></b>                 |
| <br><b>Total Expenditures of Federal Awards</b>                                                      |                                          | <br><b><u>\$ 981,445</u></b>          |

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

**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Achieve Career Preparatory Academy, Lucas County, Ohio (the Academy) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Academy.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

The Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D – CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

The Academy reports commodities consumed on the Schedule at the entitlement value. The Academy allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Achieve Career Preparatory Academy  
Lucas County  
3891 Martha Avenue  
Toledo, Ohio 43612

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Achieve Career Preparatory Academy, Lucas 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 March 20, 2024, wherein we noted the Academy closed on June 30, 2023.

### ***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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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

***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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 20, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Achieve Career Preparatory Academy  
Lucas County  
3891 Martha Avenue  
Toledo, Ohio 43612

To the Board of Directors:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Achieve Career Preparatory Academy, Lucas County, Ohio's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Achieve Career Preparatory Academy's major federal program for the year ended June 30, 2023. Achieve Career Preparatory Academy's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Achieve Career Preparatory Academy complied, in all material respects, with the 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 the Major Federal Program***

We conducted our 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, Cost Principles, and Audit 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 the Academy 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 the major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The Academy's 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 applicable to the Academy'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 the Academy'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 the Academy's compliance with the requirements of the 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 the Academy'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 the Academy'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 the Academy'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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 20, 2024

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**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2023**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |                                                                                                                       |                                              |
|---------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>                                                                            | Unmodified                                   |
| <b>(d)(1)(ii)</b>   | <b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>      | No                                           |
| <b>(d)(1)(ii)</b>   | <b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No                                           |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                        | No                                           |
| <b>(d)(1)(iv)</b>   | <b>Were there any material weaknesses in internal control reported for major federal programs?</b>                    | No                                           |
| <b>(d)(1)(iv)</b>   | <b>Were there any significant deficiencies in internal control reported for major federal programs?</b>               | No                                           |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>                                                                     | Unmodified                                   |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>                                                    | No                                           |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>                                                                                         | Education Stabilization Fund -<br>AL #84.425 |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>                                                                            | Type A: > \$ 750,000<br>Type B: all others   |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee under 2 CFR § 200.520?</b>                                                                        | No                                           |

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**ACHIEVE CAREER PREPARATORY ACADEMY**

**LUCAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/28/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)