

BRIDGES COMMUNITY ACADEMY,
INC. DBA BRIDGES PREPARATORY
ACADEMY
SENECA COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024



Rea & associates

www.reacpa.com



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Columbus, Ohio 43215
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800-282-0370

Board of Directors
Bridges Community Academy, Inc., dba Bridges Preparatory Academy
190 St. Francis Avenue
Tiffin, Ohio 44883

We have reviewed the *Independent Auditor's Report* of the Bridges Community Academy, Inc., dba Bridges Preparatory Academy, Seneca County, prepared by Rea & Associates, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 06, 2025

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**BRIDGES COMMUNITY ACADEMY, INC. DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bridges Community Academy, Inc., dba
Bridges Preparatory Academy
190 St. Francis Avenue
Tiffin, OH 44883

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bridges Community Academy, Inc., dba Bridges Preparatory Academy, Seneca County, Ohio, (the "Academy"), as of and for the year ended June 30, 2024, 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 financial position of Bridges Community Academy, Inc., dba Bridges Preparatory Academy, Seneca County, Ohio, as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
December 20, 2024

**BRIDGES COMMUNITY ACADEMY, INC, DBA BRIDGES PREPARATORY ACADEMY -
SENECA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

The management's discussion and analysis of Bridges Community Academy, Inc, dba Bridges Preparatory Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position increased \$563,977 from the 2023 net position.
- The Academy had operating revenues of \$1,352,166 and operating expenses of \$1,293,382 for fiscal year 2024. The Academy also received \$518,534 in Federal and State Grants during fiscal year 2024.

USING THESE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

REPORTING THE ACADEMY FINANCIAL ACTIVITIES

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2024?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. The statement of cash flows provides information about how the Academy finances and is meeting the cash flow needs of its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**BRIDGES COMMUNITY ACADEMY, INC, DBA BRIDGES PREPARATORY ACADEMY -
 SENECA COUNTY, OHIO
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

Required Supplementary Information

The required supplementary information provides detailed information regarding the Academy's proportionate share of the net pension liability and net OPEB liability/asset of the retirement system and a ten-year schedule of the Academy's contributions to the retirement systems to fund pension and OPEB obligations.

The table below provides a summary of the Academy's net position for fiscal years 2024 and 2023:

	Net Position	
	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current assets	\$ 460,716	\$ 456,884
Long-term assets:		
Net OPEB assets	55,328	50,995
Capital assets, net	<u>396,653</u>	<u>390,612</u>
Total assets	<u>912,697</u>	<u>898,491</u>
<u>Deferred outflows of resources</u>		
Pension	399,154	172,023
OPEB	<u>87,092</u>	<u>41,675</u>
Total deferred outflows of resources	<u>486,246</u>	<u>213,698</u>
<u>Liabilities</u>		
Current liabilities	180,757	224,988
Long-term liabilities:		
Net pension liability	873,623	584,850
Non-Current Portion of Long Term Debt	266,275	306,351
Net OPEB liability	<u>70,516</u>	<u>36,363</u>
Total liabilities	<u>1,391,171</u>	<u>1,152,552</u>
<u>Deferred inflows of resources</u>		
Pension	762,270	1,263,710
OPEB	<u>259,673</u>	<u>274,075</u>
Total deferred inflows of resources	<u>1,021,943</u>	<u>1,537,785</u>
<u>Net Position</u>		
Net investment in capital assets	90,302	38,475
Unrestricted (deficit)	<u>(1,104,473)</u>	<u>(1,616,623)</u>
Total net position (deficit)	<u><u>\$ (1,014,171)</u></u>	<u><u>\$ (1,578,148)</u></u>

**BRIDGES COMMUNITY ACADEMY, INC, DBA BRIDGES PREPARATORY ACADEMY -
SENECA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

Current assets remained steady from year to year. Current liabilities decreased during the year due to reducing the unearned revenue for the current fiscal year related to the School Safety Grant expenses, offset by increases in accounts payable.

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The Academy adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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 liability to equal the Academy's proportionate share of each plan's collective:

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

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

**BRIDGES COMMUNITY ACADEMY, INC, DBA BRIDGES PREPARATORY ACADEMY -
SENECA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

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

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

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

At June 30, 2024, the Academy's net position increased by \$563,977.

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

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**BRIDGES COMMUNITY ACADEMY, INC, DBA BRIDGES PREPARATORY ACADEMY -
SENECA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

The table below shows the changes in net position for fiscal years 2024 and 2023.

	Change in Net Position	
	<u>2024</u>	<u>2023</u>
<u>Operating Revenues:</u>		
State foundation	\$ 1,348,623	\$ 1,043,082
Other operating revenues	3,543	9,351
Total operating revenue	<u>1,352,166</u>	<u>1,052,433</u>
<u>Operating Expenses:</u>		
Purchased services	1,113,215	741,804
Supplies	77,807	38,605
Depreciation/Amortization	91,559	67,047
Other	10,801	27,504
Total operating expenses	<u>1,293,382</u>	<u>874,960</u>
<u>Non-operating Revenues (Expenses):</u>		
Interest Expense	(25,912)	(1,929)
Other Grants	-	5,000
Interest Income	12,571	4,071
Federal and State Grants	518,534	559,750
Net non-operating revenues (expenses)	<u>505,193</u>	<u>566,892</u>
Change in net position	563,977	744,365
Net position (deficit) at beginning of year	<u>(1,578,148)</u>	<u>(2,322,513)</u>
Net position (deficit) at end of year	<u><u>\$ (1,014,171)</u></u>	<u><u>\$ (1,578,148)</u></u>

State foundation increased during fiscal year 2024 due to increased enrollment. The Academy had 101 students in fiscal year 2023 compared to 118 during fiscal year 2024. The amount of Federal and State subsidies received during fiscal year 2024 decreased due to reduced allocations of ARPA grant funding sources recognized in the current year. Purchased services increased during the year due the contract in place with the School operator which is based on a percentage of revenue.

CAPITAL ASSETS

On June 30, 2024, the Academy had \$396,653 invested in furniture and equipment, intangible right to use asset- building, and computer equipment, net of accumulated depreciation/amortization. The increase in capital assets during fiscal year 2024 was due to current year additions exceeding disposals and depreciation/amortization expense due the addition of the new lease terms in accordance with GASB Statement No. 87. See Note 6 to the basic financial statements for detail on capital assets.

**BRIDGES COMMUNITY ACADEMY, INC, DBA BRIDGES PREPARATORY ACADEMY -
SENECA COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

LONG-TERM OBLIGATIONS

At June 30, 2024, the Academy had \$306,351 outstanding in lease obligations. This includes an amount of \$40,076 due within one year. For more information on lease obligations. See note 10 to the basic financial statements for details on lease obligations.

CURRENT FINANCIAL RELATED ACTIVITIES

The School is a community School and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue. In 2022, the State replaced the existing funding formula with a new formula that was implemented in January 2022 as a result of changes in Ohio law under the passage of HB110. Under the new formula, community schools are funded directly with no deductions or transfers from the student's district of residence. The funding calculation for community schools uses several concepts and formulas, some of which also apply to traditional school districts. These primarily include Base Cost, Special Education, Disadvantaged Pupil Impact Aid, English Learners and Career Technical Education. Combined, these elements make up the Core Foundation Funding and the change in calculated amounts compared to the funding received in Fiscal Year 2020 are being phased-in at 16.67% per year until fully implemented. In June 2023, the State Legislature passed the 24-25 biennial budget which included significant increases to community school funding, as well as, continuing the graduated phase-in approach initiated in last budget cycle. The phase-in percentage for 2024 and 2025 will be 50% and 66.67% respectively.

In addition, schools will see an additional \$500 per student in facility funding, a \$650 per student equity grant for both 2024 and 2025, and a 12.1% increase in the per student Base Cost, increasing from \$7,352 to \$8,241. Finally, the availability of ARP ESSER funds are set to expire on September 30, 2024. Looking beyond this date, all schools will need to continue to be vigilant about monitoring expenses and developing sustainable budgets in the absence of these revenues.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact: C. David Massa, Fiscal Officer at Bridges Community Academy, 190 St. Francis Avenue, Tiffin, Ohio 44883.

BRIDGES COMMUNITY ACADEMY, INC. DBA
BRIDGES PREPARATORY ACADEMY - SENECA COUNTY, OHIO
Statement of Net Position
June 30, 2024

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 424,690
Intergovernmental Receivable	27,472
Accounts Receivable	-
Prepaid Expenses	8,554
Total Current Assets	<u>460,716</u>

Noncurrent Assets:

Net OPEB Asset	55,328
Capital Assets, net of Accumulated Depreciation/Amortization	396,653
Total Non-Current Assets	<u>451,981</u>

Total Assets 912,697

Deferred Outflows of Resources:

Pension (STRS & SERS) Outflows	399,154
OPEB (STRS & SERS) Outflows	87,092
Total Deferred Outflows of Resources	<u>486,246</u>

Liabilities:

Current Liabilities:

Accounts Payable, Trade	111,142
Accounts Payable, Related Party	13,257
Unearned Revenue	12,113
Current Portion of Long Term Obligations	40,076
Withholdings Payable	4,169
Total Current Liabilities	<u>180,757</u>

Noncurrent Liabilities:

Noncurrent Portion of Long Term Obligations	266,275
Net Pension Liability	873,623
Net OPEB Liability	70,516
Total Noncurrent Liabilities	<u>1,210,414</u>

Total Liabilities 1,391,171

Deferred Inflows of Resources:

Pension (STRS & SERS)	762,270
OPEB (STRS & SERS)	259,673
Total Deferred Inflows of Resources	<u>1,021,943</u>

Net Position:

Net Investment in Capital Assets	90,302
Unrestricted Net Position	(1,104,473)
Total Net Position	<u>\$ (1,014,171)</u>

See Accompanying Notes to the Basic Financial Statements

**BRIDGES COMMUNITY ACADEMY, INC. DBA
BRIDGES PREPARATORY ACADEMY - SENECA COUNTY, OHIO
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2024**

Operating Revenues:	
State Aid	\$ 1,348,623
Miscellaneous	3,543
Total Operating Revenues	<u>1,352,166</u>
Operating Expenses:	
Purchased Services	1,113,215
Depreciation/Amortization	91,559
Supplies	77,807
Other Operating Expenses	10,801
Total Operating Expenses	<u>1,293,382</u>
Operating Income (Loss)	58,784
Non-Operating Revenues and (Expenses):	
Federal and State Restricted Grants	518,534
Interest Expense	(25,912)
Interest Income	12,571
Net Non-operating Revenues and (Expenses)	<u>505,193</u>
Change in Net Position	563,977
Net Position - Beginning of Year	<u>(1,578,148)</u>
Net Position - End of Year	<u><u>\$ (1,014,171)</u></u>

See Accompanying Notes to the Basic Financial Statements

**BRIDGES COMMUNITY ACADEMY, INC. DBA
BRIDGES PREPARATORY ACADEMY - SENECA COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

State Aid Receipts	\$ 1,360,736
Miscellaneous	3,543
Cash Payments to Suppliers for Goods and Services	<u>(1,644,583)</u>
Net Cash Provided By (Used For) Operating Activities	<u>(280,304)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal and State Grant Receipts	<u>467,128</u>
Net Cash Provided By Noncapital Financing Activities	<u>467,128</u>

CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES

Lease Principal Payments	(32,011)
Lease Interest Payments	(25,911)
Purchase of Assets	<u>(97,600)</u>
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(155,522)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income Receipts	<u>12,571</u>
Net Cash (Used For) Provided By Investing Activities	<u>12,571</u>

Net Increase/(Decrease) in Cash and Cash Equivalents	43,873
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Cash and Cash Equivalents - Beginning of the Year	<u>380,818</u>
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Cash and Cash Equivalents - Ending of the Year	<u>\$ 424,690</u>
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See Accompanying Notes to the Basic Financial Statements

**BRIDGES COMMUNITY ACADEMY, INC. DBA
BRIDGES PREPARATORY ACADEMY - SENECA COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024
(Continued)**

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	\$ 58,784
 Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Depreciation/Amortization	91,559
 Changes in Assets, Liabilities, and Deferred Inflows and Outflows:	
(Increase)/ Decrease in Prepaid Expense	(8,554)
(Increase)/ Decrease in Net OPEB Asset	(4,333)
(Increase)/ Decrease in Deferred Outflows Pension	(227,131)
(Increase)/ Decrease in Deferred Outflows OPEB	(45,417)
Increase/ (Decrease) in Net Pension Liability	288,773
Increase/ (Decrease) in Net OPEB Liability	34,153
Increase/(Decrease) in Accounts Payable, Trade	41,794
Increase/(Decrease) in Accounts Payable, Related Party	2,146
Increase/(Decrease) in Withholdings Payable	(2,692)
Increase/(Decrease) in Accrued Expenses	(5,657)
Increase/(Decrease) in Unearned Revenue	12,113
Increase/ (Decrease) in Deferred Inflows Pension	(501,440)
Increase/ (Decrease) in Deferred Inflows OPEB	(14,402)
Net Cash Provided By (Used For) Operating Activities	<u>\$ (280,304)</u>

See Accompanying Notes to the Basic Financial Statements

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE ACADEMY

Bridges Community Academy, Inc, dba Bridges Preparatory Academy (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of talented and gifted students in kindergarten through twelfth grade. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s tax-exempt status. The Academy, which is part of the State’s education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under contract with the Seneca East Local School District (the “Sponsor”) commencing July 1, 2004 and ended June 30, 2013. The Office of Sponsorship at the Ohio Department of Education became the sponsor for a period of five years, commencing July 1, 2013 through June 30, 2018. This contract was renewed through June 30, 2020. This contract has been subsequently renewed through June 30, 2025. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a seven-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 one instructional/support facility who provide services to 118 students.

The Academy contracts with Accel Schools for management services including management of personnel and human resources, the program of instruction, marketing data management, purchasing, strategic planning, public relation, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 statements of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

Basis of Accounting

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Revenue resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specific 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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, see Notes 8 and 9 for deferred outflows of resources related to the Academy's net pension liability and the net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, see Notes 8 and 9 for deferred inflows of resources related to the Academy's net pension liability and net OPEB liability/asset, respectively.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does not require the Academy to follow the provisions Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements. The Academy is required to submit a five-year budget forecast with the Ohio Department of Education, c/o Superintendent of Public Instruction.

Cash and Investments

To improve cash management, all cash received by the Academy is pooled in bank accounts in the Academy's name. Monies for the Academy are maintained in these accounts or temporarily used to purchase short-term investments.

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

The Academy's had no investments during fiscal year 2024.

Capital Assets and Depreciation

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the dates received. The Academy maintains a capitalization threshold of \$5,000. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	10
Computer equipment	5
Vehicles	10
Buildings	40

The Academy is reporting an intangible right to use asset related to leased buildings, structures and improvements. This intangible asset is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, Special Education Funding Program, Career Technical Funding Program, and the Economic Disadvantaged Funding Program. Revenue received from these programs is recognized as operating revenues. Amounts awarded under these programs for the 2024 school year totaled \$1,348,623.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes 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. Federal and State grant subsidies received during fiscal year 2024 was \$518,534.

Current Liabilities

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of Accounts Payable, Withholdings Payable, Leases payable, and Unearned Revenue totaled \$180,757 at June 30, 2024.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The preparation of financial statements in conformity with GAAP 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.

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Operating Revenues and Expenses

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

Prepayments

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

Pensions/Other Postemployment Benefits (OPEB)

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

Unearned Revenue

Unearned Revenue arises when assets are recognized before revenue recognition criteria has been satisfied. This represents unspent State Fiscal Recovery Funds (School Safety Grant Program) money which has been received by School during the fiscal year.

NOTE 3 - ACCOUNTABILITY

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2024, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes for Error Corrections. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Academy.

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NOTE 4 – CASH AND CASH EQUIVALENTS

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

The Academy maintains its cash balances at one financial institution, U.S. Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2024, the book amount of the Academy’s deposits was \$424,690 and the bank balance was \$424,690 of which \$174,690 was not insured at June 30, 2024 and exposed to custodial credit risk, while \$250,000 was covered by FDIC.

NOTE 5 - RECEIVABLES

Intergovernmental receivables at June 30, 2024 were \$27,472, which consisted of \$27,472 receivables related to state and federal grants. These receivables are expected to be collected in the subsequent year.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance <u>6/30/2023</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/2024</u>
<i>Capital assets, being depreciated/amortized:</i>				
Furniture and equipment	\$ 36,098	\$ 97,600	\$ -	\$ 133,698
Computer equipment	235,337	-	-	235,337
Intangible Right to Use Asset-Building	343,189	-	-	343,189
Total capital assets, being depreciated/amortized	<u>614,624</u>	<u>97,600</u>	<u>-</u>	<u>712,224</u>
<i>Accumulated depreciation/amortization:</i>				
Furniture and equipment	(20,134)	(14,196)	-	(34,330)
Computer equipment	(199,177)	(20,948)	-	(220,125)
Intangible Right to Use Asset-Building	(4,701)	(56,415)	-	(61,116)
Total accumulated depreciation/amortization	<u>(224,012)</u>	<u>(91,559)</u>	<u>-</u>	<u>(315,571)</u>
Capital assets, net	<u>\$ 390,612</u>	<u>\$ 6,041</u>	<u>\$ -</u>	<u>\$ 396,653</u>

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NOTE 7 - RISK MANAGEMENT

Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the Academy contracted with Ohio Casualty for general liability and umbrella liability coverage as follows:

<u>Coverage</u>	<u>Limits of Coverage</u>
General liability:	
Each occurrence	\$ 1,000,000
General aggregate	2,000,000
Medical expenses	15,000
Personal & advertising injury	1,000,000
Damages to rented premises, per occurrence	300,000
Products - aggregate	2,000,000
Umbrella liability:	
Each occurrence	1,000,000
Aggregate	1,000,000

Settled claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in coverage from the prior fiscal year.

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.

Insurance Benefits

The Academy has contracted with a private carrier to provide employee health, dental, vision and life insurance. The Academy pays 75% of the monthly premiums for the benefits.

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NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

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.

The Ohio Revised Code limits the Academy's obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions/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 *withholdings payable*.

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

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

Age and service requirements for retirement are as follows:

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

* Members with 25 years of service credit as of August 1, 2017, may 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy’s contractually required contribution to SERS was \$23,379 for fiscal year 2024.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility charges will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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 11.09 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 2.91 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.

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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.

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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$68,879 for fiscal year 2024.

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

The net pension liability was measured as of June 30, 2023, 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0047233%	0.00284485%	
Prior Measurement Date	0.0027188%	0.00196937%	
Change in Proportionate Share	0.0020045%	0.00087548%	
Proportionate Share of the Net			
Pension Liability	\$ 260,987	\$ 612,636	\$ 873,623
Pension Expense	\$ (82,183)	\$ (265,357)	\$ (347,540)

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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, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 11,218	\$ 22,336	\$ 33,554
Changes of Assumptions	1,849	50,454	52,303
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	78,356	142,683	221,039
Academy Contributions Subsequent to the Measurement Date	23,379	68,879	92,258
Total Deferred Outflows of Resources	<u>\$ 114,802</u>	<u>\$ 284,352</u>	<u>\$ 399,154</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 1,359	\$ 1,359
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,668	1,834	5,502
Changes of Assumptions	-	37,977	37,977
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	13,552	703,880	717,432
Total Deferred Inflows of Resources	<u>\$ 17,220</u>	<u>\$ 745,050</u>	<u>\$ 762,270</u>

\$92,258 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ 17,544	\$ (332,874)	\$ (315,330)
2026	19,221	(325,613)	(306,392)
2027	37,242	96,522	133,764
2028	196	32,388	32,584
Total	<u>\$ 74,203</u>	<u>\$ (529,577)</u>	<u>\$ (455,374)</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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. Future benefits for all current plan members were projected through 2137.

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, 2023, and 2022 are presented below:

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 System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.0 percent, on or 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.

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The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 percent. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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.

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	\$ 385,203	\$ 260,987	\$ 156,358

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Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	From 2.5 percent to 8.5 percent, based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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.

Actuarial assumptions used in the June 30, 2023, 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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected 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	1.00	1.00
Total	<u>100.00 %</u>	

**Final target weights reflected at 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.*

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Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. 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, 2023. 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, 2023.

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:

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net Pension Liability	\$ 942,100	\$ 612,636	\$ 334,001

Assumption and Benefit Changes Since the Prior Measurement Date The discount rate remained at 7.00 percent for June 30, 2023, valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

NOTE 9 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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.

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Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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 2024, 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 2024, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Academy's surcharge obligation was \$2,420. 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 2024.

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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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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, 2023, 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0042803%	0.00284485%	
Prior Measurement Date	0.0025898%	0.00196937%	
Change in Proportionate Share	0.0016905%	0.00087548%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 70,516	\$ (55,328)	
OPEB Expense	\$ (30,195)	\$ 2,616	\$ (27,579)

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.

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At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 149	\$ 87	\$ 236
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	544	97	641
Changes of Assumptions	23,841	8,150	31,991
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	49,463	2,341	51,804
Academy Contributions Subsequent to the Measurement Date	2,420	-	2,420
Total Deferred Outflows of Resources	\$ 76,417	\$ 10,675	\$ 87,092
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 36,368	\$ 8,436	\$ 44,804
Changes of Assumptions	20,026	36,501	56,527
Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions	151,570	6,772	158,342
Total Deferred Inflows of Resources	\$ 207,964	\$ 51,709	\$ 259,673

\$2,420 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (41,990)	\$ (16,121)	\$ (58,111)
2026	(40,492)	(8,276)	(48,768)
2027	(40,668)	(3,972)	(44,640)
2028	(22,352)	(4,874)	(27,226)
2029	(878)	(4,008)	(4,886)
Thereafter	12,413	(3,783)	8,630
Total	\$ (133,967)	\$ (41,034)	\$ (175,001)

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.

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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, 2023, are presented below:

	June 30, 2023
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
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

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. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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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 on April 15, 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 (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 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 be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, 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 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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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 (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	\$ 90,139	\$ 70,516	\$ 55,042
	1% Decrease	Current Trend Rate	1% Increase
Academy's Proportionate Share of the Net OPEB Liability	\$ 51,805	\$ 70,516	\$ 95,309

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 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 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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.

Actuarial assumptions used in the June 30, 2023, valuation is based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

**Final target weights reflected at 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, 2023. 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, 2023. 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, 2023.

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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, 2023, 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB (Asset)	\$ (46,828)	\$ (55,328)	\$ (62,731)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's Proportionate Share of the Net OPEB (Asset)	\$ (63,075)	\$ (55,328)	\$ (45,998)

Assumption Changes Since the Prior Measurement Date The discount rate remained unchanged at 7.00 percent for the June 30, 2023, valuation.

Benefit Term Changes Since the Prior Measurement Date Healthcare trends were updated to reflect emerging claims and recoveries experiences as well as benefit changes effective January 1, 2024.

NOTE 10 - LEASES

The Academy entered into its tenth renewal term of a lease agreement with St. Francis Home, Inc. for classroom space. During fiscal year 2019, the lease was renewed through May 31, 2023. The lease requires monthly payments of \$4,511. Effective June 2023, they Academy renewed the lease with St. Francis Home, Inc. for a new term expiring on June 30, 2024 with the option to renew for one additional five year period through June 30, 2029. Monthly payments due on the new extension are \$4,827 through June 2024 increasing 3% annually after that date. At year end, accumulated depreciation/amortization totaled \$61,116, with a net book value of \$282,073. The table below discloses the current year activity on the lease obligation.

	<u>Balance 6/30/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2024</u>	<u>Due Within the Year</u>
St. Francis Home - Lease Payable	\$ 338,362	\$ -	\$ (32,011)	\$ 306,351	\$ 40,076
Total Long-Term Obligations	<u>\$ 338,362</u>	<u>\$ -</u>	<u>\$ (32,011)</u>	<u>\$ 306,351</u>	<u>\$ 40,076</u>

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

A summary of the principal and interest amounts for the remaining leases is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 40,076	\$ 23,060	\$ 63,136
2026	49,298	19,520	68,818
2027	59,816	15,196	75,012
2028	71,784	9,979	81,763
2029	85,377	3,745	89,122
Total	<u>\$ 306,351</u>	<u>\$ 71,500</u>	<u>\$ 377,851</u>

NOTE 11 - CONTRACTS

Sponsor Contract

The Academy contracted with Ohio Department of Education as its sponsor and for oversight services as required by law. Sponsorship fees are calculated as a three percent of state funds received by the Academy from the State of Ohio. For the fiscal year ended June 30, 2024, the total sponsorship fees paid totaled \$32,236.

Management Company and Management Company Expenses

The Academy entered into an agreement with Accel Schools, a management company, to provide legal, financial, and other management support services for fiscal year 2024. The agreement was for a period of one year beginning July 1, 2021, which was subsequently renewed through June 30, 2025. Management fees are calculated as 13% of the Academy's State Revenue, plus an additional 3% of the funds received when the School accomplishes targets of increasing 25% per applicable year and improving academics such that either the performance index score or value-added score increases compared to the prior year of the grade of the School is no longer an "F". The total amount due from the Academy for the fiscal year ending June 30, 2024 was \$180,787 and is included under "Purchased Services" on the Statement of Revenues, Expenses and Changes in Net Position.

Also, per the management agreement there are expenses that will be billed to the Academy based on the actual costs incurred by Accel Schools. These expenses include salaries of Accel employees working at the Academy and other costs related to providing education and administrative services. The total amount billed to the Academy inclusive of management fees during fiscal year 2024 was \$1,175,468.

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following is a summary of the management company expenses during fiscal year 2024:

Bridges Preparatory School	Regular Instruction (1100 Function Codes)	Special Instruction (1200 Function Codes)	Other Instruction (1400 and 1900 Function Codes)	Support Services (2000 Function Codes)	Non-Instructional (3000 through 7000 Function Codes)	Total
Direct Expenses:						
Salaries & Wages (100 Object Codes)	\$ 374,599	\$ 92,563	\$ -	\$ 217,165	\$ -	\$ 684,327
Employees' Benefits (200 Object Codes)	68,517	13,708	-	30,658	-	112,883
Professional & Technical Services (410 Object Codes)	19,048	-	-	121,478	-	140,526
Supplies (500 object codes)	12,851	-	-	380	-	13,231
Other direct costs (All other Object Codes)	-	-	-	43,713	-	43,713
Indirect Expenses:						
Overhead	-	-	-	88,115	-	88,115
Total Expenses	\$ 475,015	\$ 106,271	\$ -	\$ 501,509	\$ -	\$ 1,082,795

Accel Schools charges expenses benefiting more than one school (i.e. overhead) are pro-rated based on full time equivalent (FTE) head count as of June 30, 2024 by each school it manages.

NOTE 12 - PURCHASED SERVICES

For fiscal year 2024, purchased services expenses were payments for services rendered by various vendors, as follows (net of the effect of pension expense related to implementation of GASB 68/75 accruals:

Professional and technical services	\$ 491,035
Property services	10,404
Communications	45,842
Personnel Services	430,992
Contractual Trade	111,929
Travel and Meetings	3,741
Pupil transportation services	8,081
Other	11,191
Total	<u>\$ 1,113,215</u>

NOTE 13 - CONTINGENCIES

Grants

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

Litigation

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

BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO

Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academy's Proportion of the Net Pension Liability	0.0047233%	0.0027188%	0.0034581%	0.0120731%	0.0111787%	0.0099648%	0.0114900%	0.0126639%	0.013369%	0.018348%
Academy's Proportionate Share of the Net Pension Liability	\$ 260,987	\$ 147,055	\$ 127,594	\$ 798,540	\$ 668,841	\$ 570,703	\$ 686,502	\$ 926,881	\$ 762,854	\$ 928,582
Academy's Covered Payroll	\$ 187,386	\$ 101,564	\$ 100,036	\$ 433,229	\$ 376,719	\$ 337,630	\$ 362,707	\$ 388,264	\$ 402,481	\$ 533,153
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.28%	144.79%	127.55%	184.32%	177.54%	169.03%	189.27%	238.72%	189.54%	174.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Amounts presented as of the Academy's measurement date
which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academy's Proportion of the Net Pension Liability	0.00284485%	0.00196937%	0.00317188%	0.00959454%	0.01009741%	0.00977953%	0.00962417%	0.00891871%	0.01020436%	0.00811739%
Academy's Proportionate Share of the Net Pension Liability	\$ 612,636	\$ 437,795	\$ 405,554	\$ 2,321,537	\$ 2,230,982	\$ 2,150,299	\$ 2,286,242	\$ 2,985,361	\$ 2,820,187	\$ 1,974,430
Academy's Covered Payroll	\$ 384,250	\$ 256,029	\$ 380,171	\$ 1,131,371	\$ 1,200,514	\$ 1,109,900	\$ 1,057,507	\$ 945,014	\$ 1,089,193	\$ 829,369
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.44%	170.99%	106.68%	205.20%	185.84%	193.74%	216.19%	315.91%	258.92%	238.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%

Amounts presented as of the Academy's measurement date
which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

Required Supplementary Information
Schedule of Academy Contributions - Pension
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 23,379	\$ 26,234	\$ 14,219	\$ 14,005	\$ 60,652	\$ 50,857	\$ 45,580	\$ 50,779	\$ 54,357	\$ 53,047
Contributions in Relation to the Contractually Required Contribution	<u>(23,379)</u>	<u>(26,234)</u>	<u>(14,219)</u>	<u>(14,005)</u>	<u>(60,652)</u>	<u>(50,857)</u>	<u>(45,580)</u>	<u>(50,779)</u>	<u>(54,357)</u>	<u>(53,047)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 166,993	\$ 187,386	\$ 101,564	\$ 100,036	\$ 433,229	\$ 376,719	\$ 337,630	\$ 362,707	\$ 388,264	\$ 402,481
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information

BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO

Required Supplementary Information
Schedule of Academy Contributions - Pension
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 68,879	\$ 53,795	\$ 35,844	\$ 53,224	\$ 158,392	\$ 168,072	\$ 155,386	\$ 148,051	\$ 132,302	\$ 152,487
Contributions in Relation to the Contractually Required Contribution	(68,879)	(53,795)	(35,844)	(53,224)	(158,392)	(168,072)	(155,386)	(148,051)	(132,302)	(152,487)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Academy Covered Payroll	\$ 491,993	\$ 384,250	\$ 256,029	\$ 380,171	\$ 1,131,371	\$ 1,200,514	\$ 1,109,900	\$ 1,057,507	\$ 945,014	\$ 1,089,193
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

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

	2024	2023	2022	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.0042803%	0.0025898%	0.0032709%	0.0117263%	0.0109690%	0.0097039%	0.0110826%	0.0116824%
Academy's Proportionate Share of the Net OPEB Liability	\$ 70,516	\$ 36,363	\$ 61,905	\$ 254,851	\$ 275,847	\$ 269,212	\$ 297,428	\$ 332,992
Academy's Covered Payroll	\$ 187,386	\$ 101,564	\$ 100,036	\$ 433,229	\$ 376,719	\$ 337,630	\$ 362,707	\$ 362,707
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.63%	35.80%	61.88%	58.83%	73.22%	79.74%	82.00%	91.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO

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

	2024	2023	2022	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability/Asset	0.00284485%	0.00196937%	0.00317188%	0.00959454%	0.01009741%	0.00977953%	0.00962417%	0.00891871%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (55,328)	\$ (50,995)	\$ (66,877)	\$ (168,624)	\$ (167,237)	\$ (157,147)	\$ 375,500	\$ 476,975
Academy's Covered Payroll	\$ 384,250	\$ 256,029	\$ 380,171	\$ 1,131,371	\$ 1,200,514	\$ 1,109,900	\$ 1,057,507	\$ 945,014
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.40%	-19.92%	-17.59%	-14.90%	-13.93%	-14.16%	35.51%	50.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	168.52%	174.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

Required Supplementary Information
Schedule of Academy Contributions - OPEB
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (1)	\$ 2,420	\$ -	\$ 718	\$ 740	\$ 3,740	\$ 6,297	\$ 5,130	\$ 3,371	\$ 973	\$ 3,309
Contributions in Relation to the Contractually Required Contribution	(2,420)	-	(718)	(740)	(3,740)	(6,297)	(5,130)	(3,371)	(973)	(3,309)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Academy Covered Payroll	\$ 166,993	\$ 187,386	\$ 101,564	\$ 100,036	\$ 433,229	\$ 376,719	\$ 337,630	\$ 362,707	\$ 388,264	\$ 402,481
OPEB Contributions as a Percentage of Covered Payroll (1)	1.45%	0.00%	0.71%	0.74%	0.86%	1.67%	1.52%	0.93%	0.25%	0.82%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

Required Supplementary Information
Schedule of Academy Contributions - OPEB
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 491,993	\$ 384,250	\$ 256,029	\$ 380,171	\$ 1,131,371	\$ 1,200,514	\$ 1,109,900	\$ 1,057,507	\$ 945,014	\$ 1,089,193
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 - NET PENSION LIABILITY

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

Changes in Assumptions - SERS

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of investment expenses, including inflation

Beginning in 2022, amounts reported use mortality rates 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. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, COLA were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA 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.

BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	<u>Fiscal Years 2022 and 2023</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
Projected Salary Increases	From 2.50% to 12.50% based on age	From 12.50% at age 20 to 2.50% at age 65	From 12.25% at age 20 to 2.75% at age 70
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

Beginning with fiscal year 2022, 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. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

**BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Changes in Benefit Terms - STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<u>Fiscal Years 2023 and 2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

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

	<u>Fiscal Year</u>							
<u>Assumption</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Bond Index Rate	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%

Changes in Assumptions – STRS

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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.

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

Changes in Benefit Terms – STRS

Effective January 1, 2024, Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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.

BRIDGES COMMUNITY ACADEMY, INC DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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.

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

To the Board of Directors
Bridges Community Academy, Inc. dba
Bridges Preparatory Academy
190 St. Francis Avenue
Tiffin, OH 44883

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 Bridges Community Academy, Inc. dba Bridges Preparatory Academy, Seneca County, Ohio (the "Academy"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 20, 2024.

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 entity'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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
December 20, 2024



**BRIDGES COMMUNITY ACADEMY, INC. DBA BRIDGES PREPARATORY ACADEMY
SENECA COUNTY, OHIO**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(B)

JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Internal Control over Financial Reporting – Material Weakness	Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



BRIDGES COMMUNITY ACADEMY, INC. DBA BRIDGES PREPARATORY ACADEMY

SENECA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/18/2025

65 East State 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