

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**LUCAS COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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

Board of Directors  
Achieve Career Preparatory Academy  
3891 Martha Avenue  
Toledo, Ohio 43612

We have reviewed the *Independent Auditor's Report* of the Achieve Career Preparatory Academy, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 29, 2021

**This page intentionally left blank.**

**ACHIEVE CAREER PREPARATORY ACADEMY  
LUCAS COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	4 - 9
Basic Financial Statements:	
Statement of Net Position .....	10
Statement of Revenues, Expenses, and Change in Net Position .....	11
Statement of Cash Flows .....	12 - 13
Notes to the Basic Financial Statements.....	14 - 43
Required Supplementary Information:	
Schedule of the Academy’s Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio .....	45 - 46
State Teachers Retirement System (STRS) of Ohio .....	45 - 46
Schedule of the Academy’s Pension Contributions:	
School Employees Retirement System (SERS) of Ohio .....	47 - 48
State Teachers Retirement System (STRS) of Ohio .....	47 - 48
Schedule of the Academy’s Proportionate Share of Net OPEB Asset/Liability:	
School Employees Retirement System (SERS) of Ohio .....	49
State Teachers Retirement System (STRS) of Ohio .....	49
Schedule of the Academy’s OPEB Contributions:	
School Employees Retirement System (SERS) of Ohio .....	50 - 51
State Teachers Retirement System (STRS) of Ohio .....	50 - 51
Notes to the Required Supplementary Information.....	52 - 54
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 <i>Government Auditing Standards</i> .....	
	55 - 56

**This page intentionally left blank.**

## Independent Auditor's Report

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

To the Board of Directors:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

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

***Emphasis of Matters***

The accompanying financial statements have been prepared assuming the Achieve Career Preparatory Academy will continue as a going concern. As described in Note 16 to the financial statements, the Achieve Career Preparatory Academy has current liabilities exceeding current assets and a decrease in net position, which raises substantial doubt about the Achieve Career Preparatory Academy's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. As described in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Achieve Career Preparatory Academy. Our opinion is not modified with respect to these matters.

***Other Matters***

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the Achieve Career Preparatory 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 Achieve Career Preparatory 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 Achieve Career Preparatory Academy's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 20, 2021



THIS PAGE INTENTIONALLY LEFT BLANK

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*

---

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

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

**Financial Highlights**

In 2021,

- Total net position was \$(2,021,027).
- Total assets were \$384,966.
- Total deferred outflows of resources were \$369,224.
- Total liabilities were \$2,371,006.
- Total deferred inflows of resources were \$404,211.

**Using this Annual Report**

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

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position reflect how the Academy did financially during fiscal year 2021. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

The Academy uses enterprise presentation for all of its activities.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

**Statement of Net Position**

Table I provides a summary of the Academy's net position for fiscal years 2021 and 2020:

<b>TABLE 1</b>	<b><u>Governmental Activities</u></b>	
	June 30	
	2021	2020
<b>Assets</b>		
Current assets	\$ 284,334	\$ 470,098
Noncurrent assets	31,884	54,070
Net OPEB asset	68,748	70,095
	<u>384,966</u>	<u>594,263</u>
<b>Deferred Outflows of Resources</b>		
Pension	285,516	374,057
OPEB	83,708	52,201
	<u>369,224</u>	<u>426,258</u>
<b>Liabilities</b>		
Current liabilities	727,708	881,895
Noncurrent liabilities		
Due in more than one year		
Notes payable	109,580	107,597
Net pension liability	1,384,410	1,275,269
Net OPEB liability	149,308	147,387
	<u>1,643,298</u>	<u>1,530,253</u>
Total noncurrent liabilities	<u>1,643,298</u>	<u>1,530,253</u>
Total liabilities	<u>2,371,006</u>	<u>2,412,148</u>
<b>Deferred Inflows of Resources</b>		
Pension	193,286	275,426
OPEB	210,925	193,864
	<u>404,211</u>	<u>469,290</u>
Total deferred inflows of resources	<u>404,211</u>	<u>469,290</u>
<b>Net Position</b>		
Invested in capital assets	21,884	44,070
Unrestricted	(2,042,911)	(1,904,987)
	<u>(2,021,027)</u>	<u>(1,860,917)</u>
Total net position	<u><u>\$(2,021,027)</u></u>	<u><u>\$(1,860,917)</u></u>

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

---

**Statement of Net Position (continued)**

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

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2021 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

---

**Statement of Net Position (continued)**

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

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

Total net position for the Academy decreased \$160,110. Cash was \$177,645. Total receivables increased by \$25,383 primarily due to the net effect of the accrual of Federal funds, a Medicaid settlement, and a refund due from the School Employee's Retirement System (SERS). Contracts payable decreased \$129,483 due to the net effect of the expiration of the rent and management fee waivers and increased collection of prior year rents and fees. Deferred revenue increased \$12,989 primarily due to unspent Student Wellness and Success funds. Notes Payable is unchanged at \$213,500, due to the extended deferral of the first payment on the loan through the U.S. Small Business Administration's Paycheck Protection Program.

**This space is intentionally left blank**

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

**Change in Net Position**

Table 2 shows the change in net position for fiscal years 2021 and 2020, as well as a listing of revenues and expenses.

<b>TABLE 2</b>	<b><u>Governmental Activities</u></b>	
	June 30	
	2021	2020
<b>Operating Revenues</b>		
Foundation payments	\$ 764,223	\$ 950,569
Other revenues	51,230	26,537
<b>Nonoperating Revenues</b>		
Federal grants	390,067	297,432
State grants	250,532	381,692
Contributions and donations	-	250
Other non-operating revenue	1,830	-
Total revenue	<u>1,457,882</u>	<u>1,656,480</u>
<b>Operating Expenses</b>		
Purchased services	1,467,992	1,280,526
Materials and supplies	83,534	83,869
Depreciation (unallocated)	22,185	19,575
Other expenses	42,234	42,076
<b>Nonoperating Expenses</b>		
Interest and fiscal charges	2,047	363
Total expenses	<u>1,617,992</u>	<u>1,426,409</u>
Increase (decrease) in net position	\$ (160,110)	\$ 230,071
Net position beginning of year	<u>(1,860,917)</u>	<u>(2,090,988)</u>
Net position end of year	<u><u>\$(2,021,027)</u></u>	<u><u>\$(1,860,917)</u></u>

Net position decreased by \$160,110. Foundation payments decreased \$186,346 due to decreased student count. State grants decreased \$131,160 primarily due to a reduction in Quality Community School Support received from the Ohio Department of Education. Other revenues increased \$24,693 due to Bureau of Workers Compensation dividends and a higher Medicaid settlement. Purchased services increased \$187,466 due primarily to the net effect of expiration of the fiscal year 2020 rent and management fee waivers, a decrease in salaries and benefits due to staffing reductions, and an increase in pension and OPEB expense.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Management Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

**Capital Assets**

At the end of fiscal year 2021, the Academy had \$21,884 invested in capital assets (net of depreciation). Table 3 shows capital assets (net of depreciation) for fiscal years 2021 and 2020.

<b>TABLE 3</b>	<b><u>Net Capital Assets</u></b>	
	June 30	
	2021	2020
Furniture and fixtures	\$ 21,884	\$ 44,070
Total capital assets	\$ 21,884	\$ 44,070

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

**Current Financial Issues**

Achieve Career Preparatory Academy was formed in 2009. During the 2020-2021 school year there were 96 students enrolled in the Academy. This was significantly short of the Academy's initial forecast and can be attributed to the impact of the COVID-19 pandemic. Net loss net of pension- and OPEB-related adjustments was \$(55,746), a decrease of \$321,243 from the prior fiscal year. This was due to several factors, including a reduction in Foundation payments and Quality Community School Support from the Ohio Department of Education, and the expiration of the rent and management fee waivers that were in effect during fiscal year 2020. The Academy receives its finances mostly from state aid. Foundation payments for fiscal year 2021 amounted to \$764,223.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The state of emergency in the State of Ohio ended on June 18, 2021, while the state of emergency in the United States was extended until February 24, 2022. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the Academy.

**Contacting the Academy's Financial Management**

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

Melinda Benkovsky  
Vice President of Finance  
The Leona Group, LLC  
2125 University Park Drive, Okemos, MI 48864  
melinda.benkovsky@leonagroup.com

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Statement of Net Position*  
*June 30, 2021*

<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$	177,645
Accounts receivable		1,979
Intergovernmental receivable		102,122
Prepaid items		2,588
<b>Total current assets</b>		284,334
<b>Noncurrent Assets</b>		
Security deposits		10,000
Depreciable capital assets, net		21,884
Net OPEB asset		68,748
<b>Total noncurrent assets</b>		100,632
<b>Total Assets</b>		384,966
<b>Deferred Outflows of Resources</b>		
Pension		285,516
OPEB		83,708
<b>Total Deferred Outflows of Resources</b>		369,224
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable		21,826
Contracts payable		528,416
Accrued wages payable		47,189
Intergovernmental payable		6,655
Deferred revenue		14,960
STRS-SERS payable		2,332
Notes payable - current portion		103,920
Interest payable		2,410
<b>Total current liabilities</b>		727,708
<b>Noncurrent Liabilities</b>		
Due in more than one year		
Notes payable		109,580
Net pension liability		1,384,410
Net OPEB liability		149,308
<b>Total noncurrent liabilities</b>		1,643,298
<b>Total Liabilities</b>		2,371,006
<b>Deferred Inflows of Resources</b>		
Pension		193,286
OPEB		210,925
<b>Total Deferred Inflows of Resources</b>		404,211
<b>Net Position</b>		
Investment in capital assets		21,884
Unrestricted (deficit)		(2,042,911)
<b>Total Net Position (Deficit)</b>		\$ (2,021,027)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Statement of Revenues, Expenses and Change in Net Position*  
*For the Fiscal Year Ended June 30, 2021*

<b>Operating Revenues</b>	
Foundation payments	\$ 764,223
Other revenues	51,230
<b>Total operating revenues</b>	815,453
<b>Operating Expenses</b>	
Purchased services	1,467,992
Materials and supplies	83,534
Depreciation	22,185
Other	42,234
<b>Total operating expenses</b>	1,615,945
<b>Operating Loss</b>	(800,492)
<b>Nonoperating Revenues and Expenses</b>	
Federal grants	390,067
State grants	250,532
Refund of prior year expense	1,830
Interest and fiscal charges	(2,047)
<b>Total nonoperating revenues and expenses</b>	640,382
<b>Change in Net Position</b>	(160,110)
<b>Net Position (Deficit) Beginning of Year</b>	(1,860,917)
<b>Net Position (Deficit) End of Year</b>	\$(2,021,027)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2021*

---

**Decrease in Cash and Cash Equivalents**

***Cash Flows from Operating Activities***

Cash received from State of Ohio	\$ 770,055
Cash received from other operating revenues	30,217
Cash payments to suppliers for goods and services	<u>(1,676,292)</u>

***Net Cash Used for Operating Activities*** (876,020)

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

Federal grants received	403,648
State grants received	<u>263,524</u>

***Net Cash Provided by Noncapital Financing Activities*** 667,172

***Net Decrease in Cash and Cash Equivalents*** (208,848)

***Cash and Cash Equivalents at Beginning of Year*** 386,493

***Cash and Cash Equivalents at End of Year*** \$ 177,645

*(Continued)*

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

---

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

Operating loss	\$ (800,492)
----------------	--------------

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

Depreciation	22,185
--------------	--------

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

Increase in accounts receivable	(149)
Increase in intergovernmental receivable	(36,129)
Decrease in prepaid items	2,298
Decrease in net OPEB asset	1,347
Decrease in deferred outflows-pension	88,541
Increase in deferred outflows-OPEB	(31,507)
Increase in accounts payable	8,455
Decrease in contracts payable-LOEG	(449)
Decrease in contracts payable-TLG	(129,033)
Decrease in accrued wages and benefits	(46,886)
Increase in intergovernmental payable	1,895
Decrease in STRS-SERS payable	(2,079)
Increase in net pension liability	109,141
Increase in net OPEB liability	1,921
Decrease in deferred inflows-pension	(82,140)
Increase in deferred inflows-OPEB	17,061

<b><i>Total Adjustments</i></b>	<b><i>(75,528)</i></b>
---------------------------------	------------------------

<b><i>Net Cash Used for Operating Activities</i></b>	<b><i>\$ (876,020)</i></b>
--	----------------------------

At June 30, 2020, \$72,994 of the intergovernmental receivable related to nonoperating activity.

At June 30, 2021, \$60,268 of the intergovernmental receivable related to nonoperating activity.

At June 30, 2021, \$858 of the intergovernmental payable related to nonoperating activity.

At June 30, 2021, \$1,830 of the accounts receivable related to nonoperating activity.

*SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS*

# **ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021*

---

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

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

The Academy was approved for operation under a contract with the Buckeye Community Hope Foundation (the Sponsor) for a period of one year commencing May 8, 2009, with a three-year renewal on July 1, 2010, a two-year renewal on July 1, 2013, and a five-year renewal on July 1, 2015. On May 22, 2020, the contract was renewed for a five-year period commencing July 1, 2020. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a five-member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by seven certificated personnel and twelve non-certificated personnel who provide services to 96 students.

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

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

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

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

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

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

**B. Measurement Focus**

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

**C. Basis of Accounting**

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

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

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

Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

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

**E. Cash and Cash Equivalents**

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

**F. Receivables**

Accounts receivable and intergovernmental receivables at June 30, 2021 are considered collectible in full and will be received within one year.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

**G. Capital Assets**

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

**Capitalization and Depreciation Policy**

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

**H. Net Position**

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

**I. Operating Revenues and Expenses**

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

**J. Estimates**

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Academy, deferred inflows of resources consist of pension and OPEB. The deferred inflows of resources related to pension and OPEB are explained in Notes 8 and 9, respectively.

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

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

**3. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

For fiscal year ended June 30, 2021, the Academy continued to implement GASB Statement No. 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance”*.

GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The implementation of GASB Statement No. 95 did not have an effect on the financial statements of the Academy.

**4. DEPOSITS AND INVESTMENTS**

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

**A. Cash on Hand**

At June 30, 2021, the carrying amount of all Academy deposits was \$177,645. At June 30, 2021, the Academy's bank balance of \$177,645 was fully insured by the Federal Deposit Insurance Corporation.

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

**4. DEPOSITS AND INVESTMENTS (continued)**

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

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

**5. RECEIVABLES**

Receivables at June 30, 2021 consisted of intergovernmental grants and vendor refunds. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of receivables follows:

<b>Receivables</b>	
<u>Source</u>	<u>June 30, 2021</u>
Intergovernmental receivable:	
Title I	\$ 2,390
Title I SIP	7,045
Title IIa	1,254
Title IVa	225
ESSER	14,391
IDEA	2,275
Summer Food Service Program	6,142
Medicaid	23,439
Ohio Broadband	24,070
Casino Tax Revenue	2,476
SERS Refund	<u>18,415</u>
Total intergovernmental receivable	<u>\$ 102,122</u>
Accounts receivable:	
Sponsor fee on foundation adjustment	\$ 149
Vendor refund due	<u>1,830</u>
Total accounts receivable	<u>\$ 1,979</u>



**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

**6. CAPITAL ASSETS**

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

<u>Category</u>	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Deletions*</u>	<u>Balance June 30, 2021</u>
Capital assets being depreciated:				
Furniture and fixtures	\$ 293,700	\$ 0	\$ 1	\$ 293,699
Total depreciable capital assets	293,700	0	1	293,699
Less accumulated depreciation:				
Furniture and fixtures	(249,630)	(22,185)	0	(271,815)
Total accumulated depreciation	(249,630)	(22,185)	0	(271,815)
Total depreciable capital assets - net	<u>\$ 44,070</u>	<u>\$ (22,185)</u>	<u>\$ 1</u>	<u>\$ 21,884</u>

\*to adjust cumulative rounding error

**This space intentionally left blank**

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

**7. RISK MANAGEMENT**

**A. Property and Liability**

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the Academy contracted with Philadelphia Indemnity Insurance Company for general liability, property insurance and educational errors and omissions insurance.

Coverage is as follows:

**Insurance Coverages**

<u>Type</u>	<u>FY2021 Limits</u>
<b><i>Educational Errors and Omissions:</i></b>	
D&O Liability and Employment Practices	\$1,000,000
<b><i>General Liability:</i></b>	
General Aggregate	2,000,000
Per Occurrence	1,000,000
Abuse/Molestation Per Occurrence/Aggregate	1,000,000
Umbrella	15,000,000
<b><i>Property:</i></b>	
Building	10,350,138
Tenant's Improvements and Betterments	300,000
Personal Property	130,000
Business Income	150,000
<b><i>Auto Liability:</i></b>	
Combined Single Limit	1,000,000
<b><i>Miscellaneous:</i></b>	
Student Sports Per Occurrence	50,000
Student Sports Aggregate	500,000
Fiduciary and Crime	500,000
Cyber Liability	1,000,000

Cyber Liability coverage was reduced by \$1,000,000 from the prior year. Foreign Travel coverage was discontinued due to travel restrictions related to COVID-19. Settled claims have not exceeded this coverage in any of the past three years. Any changes in coverage not previously explained are due to periodic reviews of the needs of the Academy.

**B. Workers' Compensation**

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

**8. DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

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

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

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

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

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of zero percent.

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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The Academy's contractually required contribution to SERS was \$15,213 for fiscal year 2021. The full amount was contributed for fiscal year 2021.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

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

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

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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 statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$58,291 for fiscal year 2021. Of that amount, \$1,917 is recorded as a net liability of the Academy.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net liability:			
Current measurement date	0.00662090%	0.00391169%	
Prior measurement date	<u>0.00567170%</u>	<u>0.00423218%</u>	
Change in proportionate share	<u>0.00094920%</u>	<u>(0.00032049%)</u>	
Proportionate share of the net pension liability	\$ 437,920	\$ 946,490	\$ 1,384,410
Pension expense	\$ 47,517	\$ 141,529	\$ 189,046

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

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

At June 30, 2021 the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources - Pension</b>			
Differences between expected and actual experience	\$ 851	\$ 2,125	\$ 2,976
Net difference between projected and actual earnings on pension plan investments	27,799	46,027	73,826
Changes of assumptions	0	50,809	50,809
Changes in proportion and differences between Academy contributions and proportionate share of contributions	33,259	51,142	84,401
Academy contributions subsequent to the measurement date	<u>15,213</u>	<u>58,291</u>	<u>73,504</u>
Total deferred outflows of resources	<u>\$ 77,122</u>	<u>\$ 208,394</u>	<u>\$ 285,516</u>
<b>Deferred Inflows of Resources - Pension</b>			
Differences between expected and actual experience	\$ 0	\$ 6,054	\$ 6,054
Changes in proportion and differences between Academy contributions and proportionate share of contributions	<u>6,350</u>	<u>180,882</u>	<u>187,232</u>
Total deferred inflows of resources	<u>\$ 6,350</u>	<u>\$ 186,936</u>	<u>\$ 193,286</u>

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

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

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

\$73,504 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

<b>Fiscal Year Ending June 30:</b>	<b><u>SERS</u></b>	<b><u>STRS</u></b>	<b><u>Total</u></b>
2022	\$ 14,540	\$ 8,017	\$ 22,557
2023	20,728	(59,359)	(38,631)
2024	11,586	6,456	18,042
2025	<u>8,705</u>	<u>8,053</u>	<u>16,758</u>
Total to be amortized	<u>\$ 55,559</u>	<u>\$ (36,833)</u>	<u>\$ 18,726</u>

**E. Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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.



**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

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

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

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

**Calculating Total Pension Liability - SERS**

<u>Method</u>	<u>Assumption</u>
Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal (Level Percent of Payroll, Closed)
Actuarial assumptions experience study date	5 year period ended June 30, 2015
Investment rate of return	7.50 percent net of investment expense, including inflation
COLA or ad hoc COLA	2.50 percent, on and after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Future salary increases, including inflation	3.50 percent to 18.20 percent
Wage inflation	3.00 percent

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US stocks	22.50	5.75
Non-US stocks	22.50	6.50
Fixed income	19.00	2.85
Private equity	12.00	7.60
Real assets	17.00	6.60
Multi-asset strategy	5.00	6.65
	<u>100.00 %</u>	

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the Academy's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

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

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Academy's proportionate share of the net pension liability	\$ 599,897	\$ 437,920	\$ 302,018

**F. Actuarial Assumptions - STRS**

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

**Calculating Total Pension Liability - STRS**

<b>Method</b>	<b>Assumption</b>
Valuation date	June 30, 2020
Actuarial assumptions experience study date	July 1, 2011 - June 30, 2016
Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Projected payroll growth	3.00 percent
Cost-of-living adjustments (COLA)	0.00 percent

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
	<u>100.00 %</u>	

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

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

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

***Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table represents the Academy's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net pension liability	\$ 1,347,637	\$ 946,490	\$ 606,551

**9. DEFINED BENEFIT OPEB PLANS**

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

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

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

---

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions 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 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Academy's surcharge obligation was \$2,141, which is reported as a component of STRS-SERS payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/(asset):			
Current measurement date	0.00687000%	0.00391169%	
Prior measurement date	<u>0.00586080%</u>	<u>0.00423218%</u>	
Change in proportionate share	<u>0.00100920%</u>	<u>(0.00032049%)</u>	
Proportionate share of the net OPEB liability (asset)	\$ 149,308	\$ (68,748)	\$ 80,560
OPEB expense	\$ (2,169)	\$ (6,868)	\$ (9,037)

At June 30, 2021, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources - OPEB</b>			
Differences between expected and actual experience	\$ 1,961	\$ 4,407	\$ 6,368
Net difference between projected and actual earnings on OPEB plan investments	1,681	2,410	4,091
Changes of assumptions	25,451	1,135	26,586
Changes in proportion and differences between Academy contributions and proportionate share of contributions	24,511	20,011	44,522
Academy contributions subsequent to the measurement date	<u>2,141</u>	<u>0</u>	<u>2,141</u>
Total deferred outflows of resources - OPEB	<u>\$ 55,745</u>	<u>\$ 27,963</u>	<u>\$ 83,708</u>
<b>Deferred Inflows of Resources - OPEB</b>			
Differences between expected and actual experience	\$ 75,934	\$ 13,695	\$ 89,629
Changes of assumptions	3,760	65,299	69,059
Changes in proportion and differences between Academy contributions and proportionate share of contributions	<u>13,572</u>	<u>38,665</u>	<u>52,237</u>
Total deferred inflows of resources - OPEB	<u>\$ 93,266</u>	<u>\$ 117,659</u>	<u>\$ 210,925</u>

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

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

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

\$2,141 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

<b>Fiscal Year Ending June 30:</b>	<b><u>SERS</u></b>	<b><u>STRS</u></b>	<b><u>Total</u></b>
2022	\$ (8,943)	\$ (20,528)	\$ (29,471)
2023	(8,823)	(18,898)	(27,721)
2024	(8,844)	(18,324)	(27,168)
2025	(8,222)	(24,648)	(32,870)
2026	(4,348)	(3,904)	(8,252)
Thereafter	<u>(482)</u>	<u>(3,394)</u>	<u>(3,876)</u>
Total to be amortized	<u>\$ (39,662)</u>	<u>\$ (89,696)</u>	<u>\$ (129,358)</u>

**D. Actuarial Assumptions - SERS**

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

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

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

**Calculating Total OPEB Liability - SERS**

<u>Method</u>	<u>Assumption</u>
Valuation date	June 30, 2020
Actuarial assumptions experience study date	5 year period ended June 30, 2015
Investment rate of return	7.50 percent net of investment expense, including inflation
Inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Municipal bond index rate	
Measurement date	2.45 percent
Prior measurement date	3.13 percent
Single equivalent interest rate	
Measurement date	2.63 percent, net of plan investment expense, including price inflation
Prior measurement date	3.22 percent, net of plan investment expense, including price inflation
Medical trend assumption	
Pre-Medicare	7.00 percent – 4.75 percent
Medicare	5.25 percent – 4.75 percent

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

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



**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US stocks	22.50	5.75
Non-US stocks	22.50	6.50
Fixed income	19.00	2.85
Private equity	12.00	7.60
Real assets	17.00	6.60
Multi-asset strategy	<u>5.00</u>	6.65
	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

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

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

***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 (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net OPEB liability	\$ 182,749	\$ 149,308	\$ 122,722

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net OPEB liability	\$ 117,568	\$ 149,308	\$ 191,751

**E. Actuarial Assumptions – STRS**

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

**Calculating Total OPEB Liability - STRS**

<u>Method</u>	<u>Assumption</u>	
Valuation date	June 30, 2020	
Actuarial assumptions experience study date	July 1, 2011 - June 30, 2016	
Inflation	2.50 percent	
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll increases	3.00 percent	
Investment rate of return	7.45 percent, net of investment expenses, including inflation	
Discount rate of return	7.45 percent	
Health care cost trends		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	(6.69) percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
	<u>100.00 %</u>	

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. 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 those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

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

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

***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, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net OPEB asset	\$ (59,815)	\$ (68,748)	\$ (76,327)

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net OPEB asset	\$ (75,857)	\$ (68,748)	\$ (60,088)

***Benefit Term Changes since the Prior Measurement Date*** 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.

**10. CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2021.

**B. Litigation**

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

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

**11. PURCHASED SERVICE EXPENSES**

For the period ended June 30, 2021, purchased service expenses were payments for services rendered by various vendors and adjustments related to pension and OPEB, as follows:

**Purchased Services**

<u>Category</u>	<u>FY2021</u>
Salaries	\$ 541,553
Fringe benefits	308,291
Other professional and technical services	44,149
The Leona Group, LLC	170,484
Legal services	303
Buckeye Community Hope Foundation	25,148
Cleaning services	52,074
Repairs and maintenance	21,606
Building rental	144,000
Other rentals	10,306
Communication	56,662
Advertising	16,314
Utilities	55,680
Contracted food service	<u>21,422</u>
Total purchased services	<u><u>\$1,467,992</u></u>

**12. OPERATING LEASES**

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

The following is a schedule of the future minimum payments required under the operating lease as of June 30, 2021:

**Future Minimum Rent Due**

<u>Fiscal Year Ending June 30,</u>	<u>Annual Total</u>
2022	\$ 144,000
2023	144,000
2024	144,000
2025	<u>144,000</u>
Total minimum lease payments	<u><u>\$ 576,000</u></u>

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

**13. DEBT**

On April 30, 2020, the Academy entered into a note payable with Citizens Bank N.A in the amount of \$213,500 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Small Business Administration (SBA) under the Payroll Protection Program (PPP). This note is considered a direct borrowing. Direct borrowings have terms negotiated between the Academy and the lender and are not offered for public sale. The note carries an interest rate of 1 percent and has a maturity date of March 14, 2023. Payments are initially deferred for six months from the date of disbursement, with interest accruing during the deferment period. Interest totaling \$2,410 accrued through June 30, 2021. Forgiveness of the note is available for principal that is used for the limited purposes that qualify for forgiveness under SBA requirements, and to obtain forgiveness, the Academy must request it and must provide documentation in accordance with SBA requirements. See Note 17 for subsequent events related to forgiveness of this note.

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

Debt activity during fiscal year 2021 is as follows:

**Debt Activity**

<u>Owed To</u>	<u>Balance at 6/30/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2021</u>	<u>Due in one year</u>
Citizens Bank N.A.	\$ 213,500	\$ 0	\$ 0	\$ 213,500	\$ 103,920
Net pension liability	1,275,269	109,141	0	1,384,410	0
Net OPEB liability	<u>147,387</u>	<u>1,921</u>	<u>0</u>	<u>149,308</u>	<u>0</u>
Total	<u>\$ 1,636,156</u>	<u>\$ 111,062</u>	<u>\$ 0</u>	<u>\$ 1,747,218</u>	<u>\$ 103,920</u>

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

On May 29, 2019, the Academy entered into a one-year contract through June 20, 2020 with The Leona Group, LLC, for educational management services for all of the management, operation, administration, and education at the Academy. On April 8, 2020, the agreement was amended to extend the contract through June 30, 2024. In exchange for its services, TLG receives a capitation fee of 12 percent of the gross revenue.

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

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

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

For the year ended June 30, 2021, those expenses are shown in the following table:

<b>Related Party Transactions</b>					
<i>Function (code range)</i>					
	Regular Instruction (1100)	Special Instruction (1200)	Support Services (2000)	Non-Instructional (3000-7000)	Total
<b>Direct expenses:</b>					
<i>Object (code range)</i>					
Salaries and wages (100)	\$ 215,863	\$ 91,179	\$ 273,549	\$ 2,878	\$ 583,469
Employees' benefits (200)	75,084	37,726	98,328	459	211,597
Professional and technical services (410)	0	0	10,758	0	10,758
Property services (420)	0	0	0	144,000	144,000
Supplies (500)	0	610	1,311	0	1,921
Other direct costs (all other)	0	0	29,147	0	29,147
<b>Total expenses</b>	\$ 290,947	\$ 129,515	\$ 413,093	\$ 147,337	\$ 980,892

At June 30, 2021, the Academy had payables to The Leona Group, LLC, and related parties, in the amount of \$528,416. The following is a schedule of payables to The Leona Group, LLC and related parties:

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

<u>Type</u>	<u>June 30, 2021</u>
Management fees	\$ 383,640
Payroll	(449)
Rent	144,000
Miscellaneous	1,225
<b>Total</b>	<b>\$ 528,416</b>

**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

**15. INTERGOVERNMENTAL PAYABLE**

Intergovernmental payables at June 30, 2021, totaling \$6,655, consisted of the following:

**Intergovernmental Payables**

<u>Source</u>	<u>FY2021</u>
STRS employer contributions due to other TLG-managed academy	\$1,517
Final foundation adjustment due to Ohio Department of Education	<u>5,138</u>
Total intergovernmental payable	<u>\$6,655</u>

**16. GOING CONCERN**

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

The Academy had an operating loss of \$800,492, a decrease in net position of \$160,110 and current liabilities exceeding current assets by \$443,374 for the fiscal year ended June 30, 2021. \$104,364 of the operating loss is due to pension- and OPEB-related adjustments that were beyond the Academy's control.

The COVID-19 pandemic has had a significant impact on the Academy's enrollment. Student enrollment for the 2020-2021 school year was 83.8% of initial projections, and the 2021-2022 enrollment is at 74.3% of initial projections as of the date of this report. The Academy continues to pursue grassroots and social media marketing strategies to help increase enrollment, as well as concerted efforts to cut expenditures. Please see note 17 for additional expenditure-reducing measures taken by the Academy.

**17. SUBSEQUENT EVENTS**

On October 30, 2020, the Academy submitted an application to the U.S. Small Business Administration for forgiveness of the Paycheck Protection Program loan it received on April 30, 2020. Calculations included in the application indicate the Academy may be eligible for 100% forgiveness of the loan in the amount of \$213,500. The payment deferment period was subsequently extended to ten months from receipt of the loan proceeds, which falls on March 14, 2021. An additional deferment period was granted, and the first payment on the loan was made on October 14, 2021. Additional documentation to support the forgiveness application has been requested by the lender.

On August 4, 2021, due to an unprecedented amount of federal funding as a result of the Coronavirus Aid, Relief, and Economic Security Act (CARES) of 2020, the Academy, by resolution of the board of directors, accepted an offer from the management company to waive a portion of management fees equal to ten percent of ESSER (Elementary and Secondary School Emergency Relief) II and ESSER III revenue beginning in fiscal year 2022. The estimated savings to the academy is \$138,287.



**ACHIEVE CAREER PREPARATORY ACADEMY**

**Lucas County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

*(continued)*

---

**18. COVID-19**

The United States and the State of Ohio declared states of emergency in March 2020 due to the COVID-19 pandemic. The state of emergency in the State of Ohio ended on June 18, 2021, and the state of emergency in the United States was extended until February 24, 2022. The financial impact of COVID-19 and the continuing emergency measures may affect subsequent periods of the Academy. The investments of the pension, OPEB, and other Academy employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Academy's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>School Employees Retirement System (SERS)</b>				
Academy's proportion of the net pension liability	0.00662090%	0.00567170%	0.00628270%	0.00647790%
Academy's proportionate share of the net pension liability	\$ 437,920	\$ 339,348	\$ 359,822	\$ 387,040
Academy's covered payroll	\$ 219,036	\$ 202,652	\$ 207,956	\$ 217,186
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	199.93%	167.45%	173.03%	178.21%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%
<b>State Teachers Retirement System (STRS)</b>				
Academy's proportion of the net pension liability	0.00391169%	0.00423218%	0.00441951%	0.00588246%
Academy's proportionate share of the net pension liability	\$ 946,490	\$ 935,921	\$ 971,751	\$ 1,397,391
Academy's covered payroll	\$ 487,621	\$ 515,500	\$ 500,129	\$ 648,329
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	194.10%	181.56%	194.30%	215.54%
Plan fiduciary net position as a percentage of the total pension liability	75.50%	77.40%	77.31%	75.30%

<sup>(1)</sup> Information prior to 2014 is not available. Schedule will eventually report ten years of data.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year. See accompanying Notes to the Required Supplementary Information.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Academy's proportion of the net pension liability	0.00720790%	0.00772960%	0.00841400%	0.00841400%
Academy's proportionate share of the net pension liability	\$ 527,552	\$ 441,058	\$ 425,828	\$ 500,354
Academy's covered payroll	\$ 221,314	\$ 232,693	\$ 245,000	\$ 220,549
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	238.37%	189.54%	173.81%	226.87%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Academy's proportion of the net pension liability	0.00500933%	0.00414511%	0.00451202%	0.00451202%
Academy's proportionate share of the net pension liability	\$ 1,676,774	\$ 1,145,587	\$ 1,097,479	\$ 1,307,310
Academy's covered payroll	\$ 531,707	\$ 432,471	\$ 431,508	\$ 529,969
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	315.36%	264.89%	254.34%	246.68%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

<sup>(1)</sup> Information prior to 2014 is not available. Schedule will eventually report ten years of data.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year. See accompanying Notes to the Required Supplementary Information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>School Employees Retirement System (SERS)</i></b>					
Contractually required pension contribution	\$ 15,213	\$ 30,665	\$ 27,358	\$ 28,074	\$ 30,406
Contributions in relation to the contractually required pension contribution	<u>(15,213)</u>	<u>(30,665)</u>	<u>(27,358)</u>	<u>(28,074)</u>	<u>(30,406)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$ 108,664	\$219,036	\$202,652	\$207,956	\$217,186
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%
<b><i>State Teachers Retirement System (STRS)</i></b>					
Contractually required pension contribution	\$ 58,291	\$ 68,267	\$ 72,170	\$ 70,018	\$ 90,766
Contributions in relation to the contractually required pension contribution	<u>(58,291)</u>	<u>(68,267)</u>	<u>(72,170)</u>	<u>(70,018)</u>	<u>(90,766)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$ 416,364	\$487,621	\$515,500	\$500,129	\$648,329
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

Note: See accompanying Notes to the Required Supplementary Information

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><i>School Employees Retirement System (SERS)</i></b>					
Contractually required pension contribution	\$ 30,984	\$ 30,669	\$ 33,957	\$ 30,524	\$ 27,328
Contributions in relation to the contractually required pension contribution	<u>(30,984)</u>	<u>(30,669)</u>	<u>(33,957)</u>	<u>(30,524)</u>	<u>(27,328)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$221,314	\$232,693	\$245,000	\$220,549	\$203,182
Contributions as a percentage of covered payroll	14.00%	13.18%	13.86%	13.84%	13.45%
<b><i>State Teachers Retirement System (STRS)</i></b>					
Contractually required pension contribution	\$ 74,439	\$ 60,546	\$ 56,096	\$ 68,896	\$ 97,520
Contributions in relation to the contractually required pension contribution	<u>(74,439)</u>	<u>(60,546)</u>	<u>(56,096)</u>	<u>(68,896)</u>	<u>(97,520)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$531,707	\$432,471	\$431,508	\$529,969	\$750,154
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	13.00%	13.00%

Note: See accompanying Notes to the Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>School Employees Retirement System (SERS)</b>					
Academy's proportion of the net OPEB liability	0.00687000%	0.00586080%	0.00639220%	0.00657730%	0.00729125%
Academy's proportionate share of the net OPEB liability	\$ 149,308	\$ 147,387	\$ 177,337	\$ 176,517	\$ 207,828
Academy's covered payroll	\$ 219,036	\$ 202,652	\$ 207,956	\$ 217,186	\$ 221,314
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	68.17%	72.73%	85.28%	81.27%	93.91%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%
<b>State Teachers Retirement System (STRS)</b>					
Academy's proportion of the net OPEB liability/(asset)	0.00391169%	0.00423218%	0.00441951%	0.00588246%	0.00500933%
Academy's proportionate share of the net OPEB liability/(asset)	\$ (68,748)	\$ (70,095)	\$ (71,017)	\$ 229,512	\$ 267,900
Academy's covered payroll	\$ 487,621	\$ 515,500	\$ 500,129	\$ 648,329	\$ 531,707
Academy's proportionate share of the net OPEB liability/(asset) as a percentage of its covered payroll	(14.10)%	(13.60)%	(14.20)%	35.40%	50.38%
Plan fiduciary net position as a percentage of the total OPEB liability	182.10%	174.70%	176.00%	47.10%	37.30%

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

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year. See accompanying Notes to the Required Supplementary Information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>School Employees Retirement System (SERS)</b>					
Contractually required OPEB contribution <sup>(1)</sup>	\$ 2,141	\$ 4,411	\$ 4,817	\$ 4,575	\$ 3,602
Contributions in relation to the contractually required OPEB contribution	<u>(2,141)</u>	<u>(4,411)</u>	<u>(4,817)</u>	<u>(4,575)</u>	<u>(3,602)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$ 108,664	\$ 219,036	\$ 202,652	\$ 207,956	\$ 217,186
Contributions as a percentage of covered payroll	1.97%	2.01%	2.38%	2.20%	1.66%
<b>State Teachers Retirement System (STRS)</b>					
Contractually required OPEB contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in relation to the contractually required OPEB contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$ 416,364	\$ 487,621	\$ 515,500	\$ 500,129	\$ 648,329
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

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

Note: See accompanying Notes to the Required Supplementary Information



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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>School Employees Retirement System (SERS)</b>					
Contractually required OPEB contribution <sup>(1)</sup>	\$ 3,633	\$ 4,333	\$ 8,365	\$ 6,465	\$ 6,254
Contributions in relation to the contractually required OPEB contribution	<u>(3,633)</u>	<u>(4,333)</u>	<u>(8,365)</u>	<u>(6,465)</u>	<u>(6,254)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$ 221,314	\$ 232,693	\$ 245,000	\$ 220,549	\$ 203,182
Contributions as a percentage of covered payroll	1.64%	1.86%	3.41%	2.93%	3.08%
<b>State Teachers Retirement System (STRS)</b>					
Contractually required OPEB contribution	\$ 0	\$ 0	\$ 4,315	\$ 5,300	\$ 7,502
Contributions in relation to the contractually required OPEB contribution	<u>0</u>	<u>0</u>	<u>(4,315)</u>	<u>(5,300)</u>	<u>(7,502)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Academy's covered payroll	\$ 531,707	\$ 432,471	\$ 431,508	\$ 529,969	\$ 750,154
Contributions as a percentage of covered payroll	0.00%	0.00%	1.00%	1.00%	1.00%

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

Note: See accompanying Notes to the Required Supplementary Information

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

---

**1. NET PENSION LIABILITY**

**A. Changes in Assumptions - SERS**

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.
- The discount rate was reduced from 7.75% to 7.50%

**B. Changes in Assumptions – STRS**

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

**C. Changes in Benefit Terms - SERS**

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

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.

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

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

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

---

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

**A. Changes in Assumptions - SERS**

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

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

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

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

**B. Changes in Assumptions – STRS**

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

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

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

**ACHIEVE CAREER PREPARATORY ACADEMY**  
**Lucas County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*  
*(continued)*

---

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

**C. Changes in Benefit Terms - SERS**

There have been no changes to the benefit provisions.

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

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

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

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

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

**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***

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

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Achieve Career Preparatory Academy, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Achieve Career Preparatory Academy's basic financial statements, and have issued our report thereon dated December 20, 2021, wherein we noted the accompanying financial statements have been prepared assuming the Achieve Career Preparatory Academy will continue as a going concern, as discussed in Note 16. Furthermore, as described in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Achieve Career Preparatory 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 Achieve Career Preparatory Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Achieve Career Preparatory 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 Achieve Career Preparatory Academy's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Achieve Career Preparatory 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 Achieve Career Preparatory 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 Achieve Career Preparatory Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Julian & Grube, Inc.*

Julian & Grube, Inc.

December 20, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**ACHIEVE CAREER PREPARATORY ACADEMY**

**LUCAS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 1/11/2022**

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

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