EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2024

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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

Board Members
Early College Academy
137 East State Street
Columbus, Ohio 43215

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 16, 2025

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EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Early College Academy
Franklin County
137 East State Street
Columbus, Ohio 43215

To the Members of the Board:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Early College Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Early College Academy as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2025, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

March 25, 2025

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

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, the net position increased $292,540 from June 30, 2023.

- The Academy had operating revenues of $1,198,859 and operating expenses of $1,460,197 during fiscal year 2024. The Academy also received $609,864 in federal, state and local grants, $2,513 in interest, $55,850 in Contributions and Donations, and had interest expenses of $114,349 during fiscal year 2024.

Using these Basic Financial Statements

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

Reporting the Academy Financial Activities

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

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

These two statements report the Academy's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 13 and 14 of this report. The statement of cash flows can be found on page 15.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 16-46 of this report. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Academy's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 47-58 of this report.

The table below provides a summary of the Academy's net position at June 30, 2024 and June 30, 2023.

Table 1 - Net Position

	2024	2023
ASSETS		
Current Assets	$ 683,634	$ 363,861
Net OPEB Asset	106,964	153,194
Capital Assets, Net	1,554,932	1,770,748
Total Assets	2,345,530	2,287,803
DEFERRED OUTFLOWS OF RESOURCES		
Pension	306,454	345,775
OPEB	52,217	18,045
Total Deferred Outflows of Resources	358,671	363,820
LIABILITIES		
Current Liabilities	320,224	258,459
Long-term liabilities:		
Leases Payable	1,431,825	1,597,532
Net Pension Liability	1,321,880	1,395,537
Net OPEB Liability	37,148	18,906
Total Liabilities	3,111,077	3,270,434
DEFERRED INFLOWS OF RESOURCES		
Pension	195,856	236,390
OPEB	122,940	163,011
Total Deferred Outflows of Resources	318,796	399,401
NET POSITION		
Net Investment in Capital Assets	(42,600)	18,449
Restricted	356,859	200,438
Unrestricted (Deficit)	(1,039,931)	(1,237,099)
Total Net Position	$ (725,672)	$ (1,018,212)

The net pension liability (NPL) and the net OPEB liability (NOL) are reported by the Academy at June 30, 2024 and are reported along with net OPEB asset pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset. Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability.

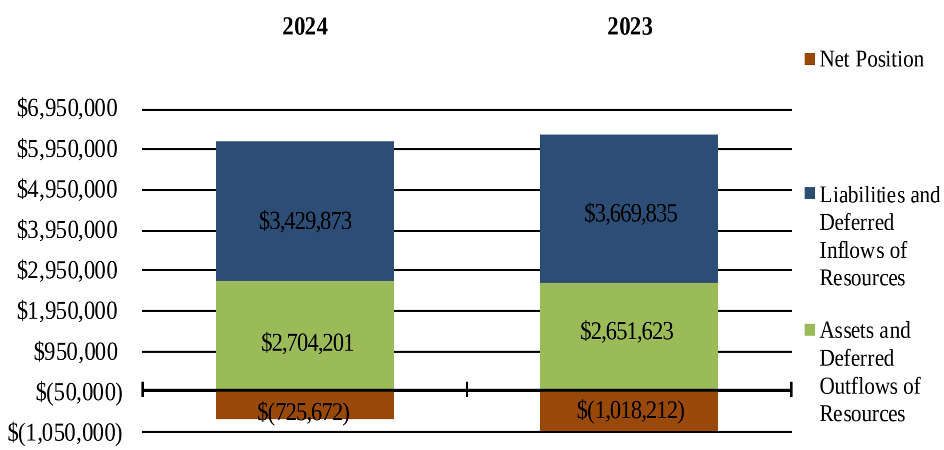
As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the Academy's assets and deferred outflows of resources were less than liabilities and deferred inflows of resources by $725,672. Of this total, a deficit of $1,039,931 is unrestricted. Total assets increased by $57,727, which was primarily due to the increase in cash and cash equivalents. This increase in cash was caused by increased foundation revenue received by the Academy in 2024. The changes in deferred outflows and inflows of resources, net pension liability and net OPEB liability are due to the recording of GASB statements No. 68 and 75 as previously discussed.

At year-end, capital assets represented 66.29% of total assets. Capital assets decreased by $215,816 due to depreciation/amortization. Capital assets consisted of building improvements, equipment, and intangible right to use asset – building. Along with the intangible right to use asset the Academy has a lease payable which accounts for the decrease in long-term liabilities in fiscal year 2024 as a result of principal payments. Capital assets are used to provide services to the students and are not available for future spending.

The chart below illustrates the Academy's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2024 and June 30, 2023.



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

Table 2 - Change in Net Position

	2024	2023
OPERATING REVENUES		
State Foundation	$ 1,061,023	$ 858,657
Other State Aid	135,637	69,440
Other Operating Revenues	2,199	17,045
Total Operating Revenues	1,198,859	945,142
OPERATING EXPENSES		
Salaries and Wages	848,090	820,027
Fringe Benefits	61,553	63,685
Purchased Services	252,511	283,389
Materials and Supplies	70,687	34,952
Depreciation	215,816	218,826
Other	11,540	2,013
Total Operating Expenses	1,460,197	1,422,892
Operating Loss	(261,338)	(477,750)
NON-OPERATING REVENUES (EXPENSES)		
Interest and Fiscal Charges	(114,349)	(124,627)
Federal, State, and Local Grants	609,864	638,554
Contributions and Donations	55,850	50,000
Interest Income	2,513	975
Total Non-operating Revenues (Expenses)	553,878	564,902
Change in Net Position	292,540	87,152
Net Position - Beginning of Year	(1,018,212)	(1,105,364)
Net Position - End of Year	$ (725,672)	$ (1,018,212)

Operating revenues increased $253,717 or 26.84% percent mainly due to a increase in other state aid and State Foundation. Federal, state and local grants revenue decreased by $28,690 due to the decrease in grant funding fiscal year 2024. Total operating expenses increased by $37,305 mostly due to the increase in materials and supplies. This increase was caused by increased accrual adjustments to record accounts payable.

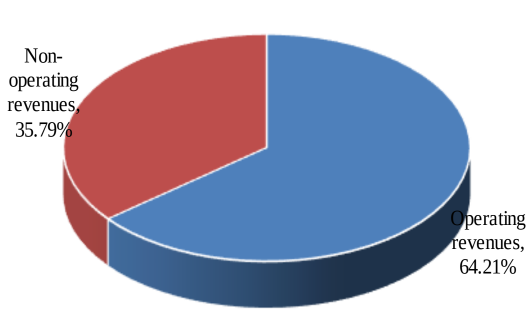
The increase in fringe benefits was mainly due to the pension/OPEB expense. Below is a comparison of fringe benefits expense without the pension and OPEB expenses related to GASB 68 and GASB 75.

	2024	2023
Fringe Benefits expense	$ 146,194	$ 128,571

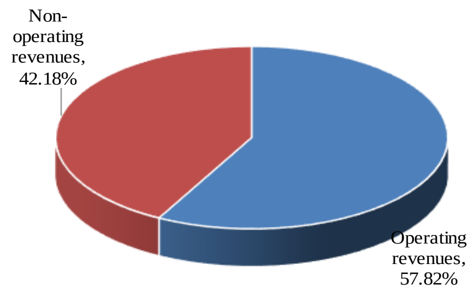
See Note 12 and 13 for further information regarding GASB 68 and GASB 75.

The charts below illustrate the revenues and expenses for the Academy for fiscal year 2024 and 2023.

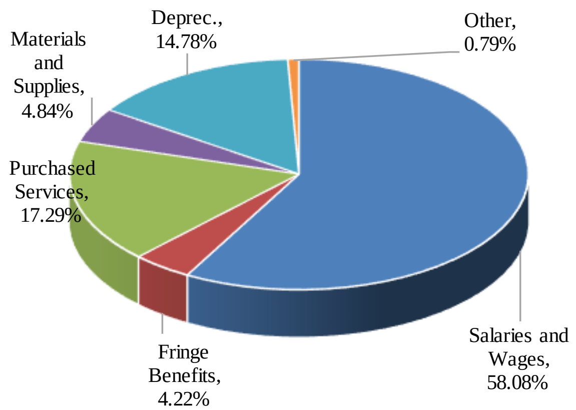
2024 Revenues



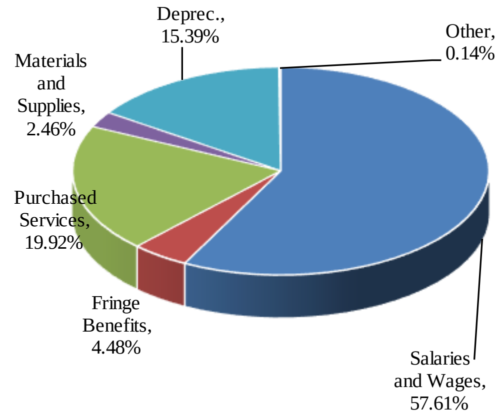
2023 Revenues



2024 Expenses



2023 Expenses



Capital Assets

At June 30, 2024, the Academy had $1,554,932 invested in building improvements, equipment and intangible right to use assets. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

Long-term Liabilities

At June 30, 2024, the Academy had $1,597,532 in leases payable with $165,707 due within one year. Note 7 in the notes to the basic financial statements for more detail on long-term liabilities.

Current Financial Related Activities

The Academy (formerly called the Academic Acceleration Academy) is sponsored by the Educational Service Central of Central Ohio. The Academy relies primarily on the State Foundation funds and federal and state operating grants. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Dan Lamb, Treasurer of Early College Academy, Charter School Specialists, 40 Hill Road South, Pickerington, OH 43147 or by phone at 614-837-8945.

Basic Financial Statements

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 450,926
Investments	106,658
Receivables:	
Intergovernmental	121,496
Prepaid Items	4,554
Total Current Assets	683,634
Noncurrent Assets:	
Net OPEB Asset	106,964
Capital Assets, Net of Depreciation/Amortization	1,554,932
Total Noncurrent Assets	1,661,896
Total Assets	2,345,530
DEFERRED OUTFLOWS OF RESOURCES	
Pension	306,454
OPEB	52,217
Total Deferred Outflows of Resources	358,671
LIABILITIES	
Current Liabilities:	
Accounts Payable	36,350
Accrued Wages and Benefits	49,392
Compensated Absences Payable	35,840
Accrued Interest Payable	9,119
Pension and Postemployment Benefits Payable	6,915
Intergovernmental Payable	16,901
Leases Payable	165,707
Total Current Liabilities	320,224
Noncurrent Liabilities:	
Net Pension Liability	1,321,880
Net OPEB Liability	37,148
Leases Payable	1,431,825
Total Noncurrent Liabilities	2,790,853
Total Liabilities	3,111,077
DEFERRED INFLOWS OF RESOURCES	
Pension	195,856
OPEB	122,940
Total Deferred Inflows of Resources	318,796
NET POSITION	
Net Investment in Capital Assets	(42,600)
Restricted for:	
Federally Funded Programs	89,657
State Funded Programs	160,238
OPEB	106,964
Unrestricted (Deficit)	(1,039,931)
Total Net Position	$ (725,672)

See accompanying notes to the basic financial statements

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN THE NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
State Foundation	$ 1,061,023
Charges for Services	135,637
Other Operating Revenues	2,199
Total Operating Revenues	1,198,859
OPERATING EXPENSES	
Salaries and Wages	848,090
Fringe Benefits	61,553
Purchased Services	252,511
Materials and Supplies	70,687
Depreciation/Amortization	215,816
Other	11,540
Total Operating Expenses	1,460,197
Operating Loss	(261,338)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	2,513
Interest and Fiscal Charges	(114,349)
Federal, State and Local Grants	609,864
Contributions and Donations	55,850
Total Nonoperating Revenues (Expenses)	553,878
Change in Net Position	292,540
Net Position - Beginning of Year	(1,018,212)
Net Position - End of Year	$ (725,672)

See accompanying notes to the basic financial statements

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from State of Ohio	$ 1,213,477
Cash Received from Other Operations	2,199
Cash Payments for Salaries and Wages	(853,052)
Cash Payments for Fringe Benefits	(129,740)
Cash Payments for Purchased Services	(253,497)
Cash Payments for Materials and Supplies	(38,826)
Cash Payments for Other Expenses	(11,540)
Net Cash Used in Operating Activities	(70,979)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grants	600,658
Contributions and Donations	55,850
Net Cash Provided by Noncapital Financing Activities	656,508
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Lease	(154,767)
Interest Paid on Lease	(115,233)
Net Cash Used in Capital and Related Financing Activities	(270,000)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	2,513
Net Cash Provided by Investing Activities	2,513
Net Increase in Cash and Cash Equivalents	318,042
Cash and Cash Equivalents - Beginning of Year	239,542
Cash and Cash Equivalents - End of Year	$ 557,584
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	$ (261,338)
Adjustments:	
Depreciation/Amortization	215,816
(Increase) Decrease in Assets and Deferred Outflows:	
Intergovernmental Receivable	3,077
Prepaid Items	4,398
Net OPEB Asset	46,230
Deferred Outflow of Resources - Pensions	39,321
Deferred Outflow of Resources - OPEB	(34,172)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	26,395
Accrued Wages and Benefits	(4,167)
Compensated Absences Payable	13,940
Pension and Postemployment Benefits Payable	(583)
Intergovernmental Payable	16,124
Net Pension Liability	(73,657)
Net OPEB Liability	18,242
Deferred Inflow of Resources - Pensions	(40,534)
Deferred Inflow of Resources - OPEB	(40,071)
Net Cash Used in Operating Activities	$ (70,979)

See accompanying notes to the basic financial statements

NOTE 1: DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

The Early College Academy (the "Academy") is a nonprofit corporation established by Ohio Revised Code Chapters 3314 and 3314.03 to establish a new conversion school in Columbus City Schools. The Academy is designed to serve high school students who are over-aged for their grade placement for participation in an intensive program to accelerate graduation from high school and transition to an appropriate post- secondary placement. The Academy, which is part of the State's education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy is an approved tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and management is not aware of any course of action or series of events that have occurred that might adversely affect their tax exempt status. The Academy may sue or be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was certified by the State of Ohio Secretary of State as a non-profit organization on March 7, 2006 and was formerly called Academic Acceleration Academy. The Academy was approved for operation under a contract with the Columbus City Schools as the sponsor for five years commencing July 1, 2006 and continuing through June 30, 2011. On June 17, 2011, the Academy approved an agreement to change sponsors to the Education Service Center of Central Ohio (the "Sponsor"). The agreement is for the period July 1, 2011 through June 30, 2013. On August 18, 2013, the Academy extended its sponsorship agreement through August 29, 2016. The Academy renewed a contract with the Sponsor through June 30, 2024. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. Charter School Specialists, LLC ("CSS") serves as the fiscal agent for the Academy (See Note 9). The Academy served 129 students during fiscal year 2024.

The Academy operates under the direction of a seven-member Board of Directors which consists of individuals who represent the interests of the parents served by the Academy.

During fiscal year 2024, the Academy had a personnel agreement with the Charter School Specialists, LLC ("CSS"). Under this agreement, non-certificated personnel providing services to the Academy on behalf of CSS under the purchased service basis are considered employees of CSS, and CSS is solely responsible for all payroll functions (See Note 9).

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Academy consists of all funds, departments, boards, and agencies that are not legally separate from the Academy. For the Early College Academy, this includes instructional activities of the Academy.

NOTE 1: **DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY** (Continued)

Reporting Entity (Continued)
Component units are legally separate organizations for which the Academy is financially accountable. The Academy is financially accountable for an organization if the Academy appoints a voting majority of the organization's Governing Board and (1) the Academy is able to significantly influence the programs or services performed or provided by the organization; or (2) the Academy is legally entitled to or can otherwise access the organization's resources; the Academy is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Academy is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Academy in that the Academy approves the budget and issuance of debt. The Academy has no component units.

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

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

A. **Basis of Presentation**

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. **Measurement Focus and Basis of Accounting**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources are included on the statement of net position. Statement of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. **Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the Statement of Net Position will 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 include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. See Note 12 and 13 for deferred inflows of resources related to the pension and OPEB plans.

D. **Budgetary Process**

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

E. **Cash and Investments**

Cash received by the Academy is maintained in demand deposit accounts.

During fiscal year 2024, investments were limited to investments in non-negotiable certificates of deposit. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

F. **Capital Assets and Depreciation**

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. During fiscal year 2024, the Academy maintained a capital asset threshold of $2,000. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets (except construction in progress) are depreciated or amortized. Depreciation/amortization are computed using the straight-line method. Buildings improvements are depreciated from 10-25 years. Equipment consists of computers and equipment is depreciated from 3-10 years.

The Academy is reporting intangible right-to-use asset related to a leased building. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

G. **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, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

H. **Intergovernmental Revenue**

The Academy currently participates in the State Foundation Program, Nutrition Program, Title I-A, Title II-A, IDEA Part-B grant, Title I grant, Title IV-A grant, ESSER, ARPA, and various State grants. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for fiscal year 2024 school year, excluding all other State and Federal grants, totaled $1,061,023.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. State, Federal and Local grants revenue for fiscal year 2024 was $609,864.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

I. **Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the Statement of Net Position. The Academy has recognized certain expenses due, but unpaid as of June 30, 2024. These expenses are reported as accrued liabilities in the accompanying financial statements.

J. **Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the Statement of Net Position. These items are reported as assets on the Statement of Net Position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

K. **Operating Revenues and Expenses**

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

L. **Estimates**

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

M. **Economic Dependency**

The Academy receives approximately 88.50 percent of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

N. **Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, 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.

NOTE 3**:** **CHANGE IN ACCOUNTING PRINCIPLES**

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Statement No. 100, Accounting Change and Error Corrections – an Amendment of GASB Statement No. 62. GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

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NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all Academy deposits, including $106,658 of nonnegotiable certificates of deposit, was $557,584. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, $464,133 of the Academy's bank balance of $653,872 was covered by the Federal Deposit Insurance Corporation. Included in the bank balance is $106,658 of nonnegotiable certificates of deposit.

NOTE 5: RECEIVABLES

At June 30, 2024, receivables consisted of only intergovernmental. The receivables are expected to be collected in full within one year. A summary of the intergovernmental receivables follows:

	Amount
Intergovernmental receivables:	
IDEA Part-B	$ 4,905
Title I	25,372
Improving Teacher Quality	761
ESSER	90,458
Total Receivables	$ 121,496

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NOTE 6: CAPITAL ASSETS

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

	Balance 6/30/2023	Additions	Disposals	Balance 6/30/2024
Capital Assets Being Depreciated/Amortized				
Building Improvements	$ 225,490	$ -	$ -	$ 225,490
Equipment	94,014	-	-	94,014
Intangible Right-to-Use Building	2,021,460	-	-	2,021,460
Total capital assets being depreciated/amortized	2,340,964	-	-	2,340,964
Less Accumulated Depreciation/Amortization				
Building Improvements	(111,521)	(8,017)	-	(119,538)
Equipment	(81,813)	(2,227)	-	(84,040)
Intangible Right-to-Use Building	(376,882)	(205,572)		(582,454)
Total Accumulated Depreciation/Amortization	(570,216)	(215,816)	-	(786,032)
Total Capital assets being depreciated/amortized, net	1,770,748	(215,816)	-	1,554,932
Capital Assets Net of Accum. Depreciation/Amortization	$ 1,770,748	$ (215,816)	$ -	$ 1,554,932

NOTE 7: LONG-TERM OBLIGATIONS

Changes in the Academy's long-term obligations during fiscal year 2024 were as follows:

	Balance as of 6/30/2023	Additions	Reductions	Balance as of 6/30/2024	Due Within One Year
Net Pension Liability:					
STRS	$ 1,315,211	$ -	$ (130,828)	$ 1,184,383	$ -
SERS	80,326	57,171	-	137,497	-
Total Net Pension Liability	1,395,537	57,171	(130,828)	1,321,880	-
Net OPEB Liability - SERS	18,906	18,242	-	37,148	-
Lease Payable	1,752,299	-	(154,767)	1,597,532	165,707
Total Long-Term Liabilities	$ 3,166,742	$ 75,413	$ (285,595)	$ 2,956,560	$ 165,707

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

The Academy entered into a lease agreement with 137 ESS Properties, LLC to lease a building located 137 East State Street, Columbus, Ohio, 43215. The terms of the lease are five years commencing July 1, 2021 and ending June 30, 2026 with option to extend through June 30, 2031. Payments are due monthly and the lease matures on June 30, 2031. Due to the implementation of GASB Statement No. 87, the Academy will report an intangible right to use capital asset and corresponding liability for the future scheduled payments under the lease.

NOTE 7: **LONG-TERM OBLIGATIONS** (Continued)

The following is a summary of the future debt service payments.

	Lease Payable		
Fiscal Year ending	Principal	Interest	Total Payments
2025	$ 165,707	$ 104,293	$ 270,000
2026	177,422	92,578	270,000
2027	217,828	79,172	270,000
2028	233,227	63,773	297,000
2029	249,714	47,286	297,000
2030-2032	553,634	40,366	594,000
Total Future Payments	$ 1,597,532	$ 427,468	$ 1,998,000

NOTE 8: **PURCHASED SERVICES**

For the fiscal year ended June 30, 2024, purchased services expenses were as follows:

Professional and Technical Services	$ 192,867
Property Services	31,973
Communications	11,948
Utilities	1,000
Tuition	2,878
Other	11,845
Total	$ 252,511

NOTE 9: **SERVICE AGREEMENTS**

A. **Charter School Specialists, LLC**

The Academy entered into a service contract with Charter School Specialists, LLC (CSS), for a period of twelve months commencing July 1, 2017, to provide fiscal/payroll services. The service contract is automatically renewed unless both parties agree to terminate. The Academy paid CSS $54,531 in service fees for fiscal year 2024.

B. **Educational Service Center of Central Ohio**

The Community School Sponsorship Contract between the Academy and Educational Service Center of Central Ohio (the "Sponsor") outlined the specific payments to be made by the Academy to the Sponsor during fiscal year 2024.

NOTE 9: **SERVICE AGREEMENTS** (Continued)

B. **Educational Service Center of Central Ohio** (Continued)

Under the Community School Sponsorship Contract, the Academy agrees to pay the following:

1. The Academy shall annually pay to Sponsor, from the funding provided to the Academy by the Ohio Department of Education pursuant to Section 3314.08 of the Ohio Revised Code, a portion of such funds. Per student payments shall be calculated against the state foundation formula, with the per student calculation set at three percent (3%) of the state foundation payment per pupil, as provided for by the State of Ohio.

2. In the event that the Sponsor, as permitted herein, provides special education and related services required by a student's IEP, the Academy shall pay to the Sponsor the funds received by the Academy from the Department of Education on account of such student, except that the Academy may retain sufficient funds to cover its actual costs related to such student, if any.

3. The Academy shall pay to Sponsor such other amounts as are mutually agreed, including fees for any services provided to the Academy by the sponsor.

4. Upon dissolution, the Academy, as a "Public Benefit Corporation" under Section 1702.01 (P) of the Ohio Revised Code, shall distribute any remaining assets to another community school, public benefit corporation, or other entity that is recognized as except under section 501 c (3) of the Internal Revenue Code of 1986 as amended.

During the fiscal year ended June 30, 2024, the Academy made payments of $44,966 to the Sponsor, which includes the 3 percent fee.

NOTE 10**:** **RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2024, the Academy had general liability insurance through Liberty Mutual.

Settled claims have not exceeded commercial coverage in the past year. There was no significant reduction in coverage from the prior fiscal year.

NOTE 11: **CONTINGENCIES**

A. **Grants**

The Academy received financial assistance from state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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, 2024.

B. **Foundation Funding**

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. As of the date of this report, ODE has not performed an FTE Review on the Academy for fiscal year 2024.

As of the date of this report, all ODE adjustments for fiscal year 2024 have been finalized.

In addition, the Academy’s contract with their Sponsor and Management Company require payments based on revenues received from the State.

C. **Litigation**

The Academy is involved in a litigation, that in the opinion of management, has a remote possibility of a judgement against the Academy. The Academy’s management is of the opinion that ultimate disposition of this claim will not have a material effect, if any, on the financial condition of the Academy.

NOTE 12: DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

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

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

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

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

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

NOTE 12**:** **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023 and 2024.

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.

NOTE 12**:** **DEFINED BENEFIT PENSION PLANS** (Continued)

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

The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent

The Academy's contractually required contribution to SERS was $13,578 for fiscal year 2024. Of this amount, $1,542 is reported as an intergovernmental payable.

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.

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying servicer credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

NOTE 12**:** **DEFINED BENEFIT PENSION PLANS** (Continued)

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

The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contributions to STRS was $104,117 for fiscal year 2024.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities.

NOTE 12**:** **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0014851%	0.00591635%	
Proportion of the Net Pension Liability Current Measurement Date	0.0024884%	0.00549982%	
Change in Proportionate Share	0.0010033%	-0.0004165%	
Proportionate Share of the Net Pension Liability	$ 137,497	$ 1,184,383	$ 1,321,880
Pension Expense	$ 28,258	$ 14,567	$ 42,825

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 5,910	$ 43,179	$ 49,089
Changes of assumptions	975	97,541	98,516
Changes in proportion and differences between contributions and proportionate share of contributions	41,154	-	41,154
Academy contributions subsequent to the measurement date	13,578	104,117	117,695
Total Deferred Outflows of Resources	$ 61,617	$ 244,837	$ 306,454
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 2,628	$ 2,628
Changes of assumptions	-	73,420	73,420
Net difference between projected and actual earnings on pension plan investments	1,933	3,552	5,485
Changes in proportion and differences between contributions and proportionate share of contributions	-	114,323	114,323
Total Deferred Inflows of Resources	$ 1,933	$ 193,923	$ 195,856

$117,695 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

NOTE 12**:** **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Year Ending June 30:			
2025	$ 17,551	$ (58,491)	$ (40,940)
2026	9,363	(69,720)	(60,357)
2027	19,088	99,502	118,590
2028	104	(24,494)	(24,390)
Total	$ 46,106	$ (53,203)	$ (7,097)

E. **Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

NOTE 12**:** **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, 2023, are presented below:

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

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

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

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

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

NOTE 12: **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined rate of fiscal year 2023 was 14 percent. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$ 202,938	$ 137,497	$ 82,375

F. **Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2023, actuarial valuation is presented below:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

NOTE 12**:** **DEFINED BENEFIT PENSION PLANS** (Continued)

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

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

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

* Final target weights reflected at October 1, 2022.

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

NOTE 12**:** **DEFINED BENEFIT PENSION PLANS** (Continued)

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$ 1,821,319	$ 1,184,383	$ 645,709

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NOTE 13: <u>DEFINED BENEFIT OPEB PLANS</u>

A. <u>Net OPEB Liability/Asset</u>

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

B. <u>Plan Description - School Employees Retirement System (SERS)</u>

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.

NOTE 13**:** **DEFINED BENEFIT OPEB PLANS** (Continued)

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

Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was $30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge is the total amount assigned to the Health Care Fund. The Academy's contractually required contributions to SERS was $104 for fiscal year 2024. All of this amount is report as an intergovernmental payable.

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

C. 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 monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

The net OPEB liability and net OPEB asset were measured as of June 30, 2023, and the total OPEB liability and asset used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability and net OPEB asset were based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset Prior Measurement Date	0.0013466%	0.00591635%	
Proportion of the Net OPEB Liability/Asset Current Measurement Date	0.0022550%	0.00549982%	
Change in Proportionate Share	0.0009084%	-0.00041653%	
Proportionate Share of the Net OPEB Liability	$ 37,148	$ -	$ 37,148
Proportionate Share of the Net OPEB (Asset)	$ -	$ (106,964)	$ (106,964)
OPEB Expense	$ (1,913)	$ (7,754)	$ (9,667)

NOTE 13**:** **DEFINED BENEFIT OPEB PLANS** (Continued)

D. **OPEB Liabilities, OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	76	167	243
Changes of assumptions	12,561	15,757	28,318
Net difference between projected and actual earnings on OPEB plan investments	287	190	477
Changes in proportion and differences between contributions and proportionate share of contributions	20,585	2,490	23,075
Academy contributions subsequent to the measurement date	104	-	104
Total Deferred Outflows of Resources	33,613	18,604	52,217
Deferred Inflows of Resources			
Differences between expected and actual experience	19,160	16,317	35,477
Changes of assumptions	10,552	70,573	81,125
Changes in proportion and differences between contributions and proportionate share of contributions	5,349	989	6,338
Total Deferred Inflows of Resources	35,061	87,879	122,940

$104 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	$ (5,387)	$ (31,096)	$ (36,483)
2026	(4,403)	(14,544)	(18,947)
2027	(1,577)	(5,301)	(6,878)
2028	279	(7,172)	(6,893)
2029	1,131	(6,528)	(5,397)
Thereafter	8,405	(4,634)	3,771
Total	$ (1,552)	$ (69,275)	$ (70,827)

NOTE 13**:** **DEFINED BENEFIT OPEB PLANS** (Continued)

E. **Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

E. **Actuarial Assumptions - SERS** (Continued)

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.79 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64

NOTE 13**:** **DEFINED BENEFIT OPEB PLANS** (Continued)

E. **Actuarial Assumptions - SERS** (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023 was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate is used in the determination for the SEIR for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Academy's proportionate share of the net OPEB liability	$ 47,488	$ 37,148	$ 28,998

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.740%)
Academy's proportionate share of the net OPEB liability	$ 27,293	$ 37,148	$ 50,212

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

F. **Actuarial Assumptions – STRS**

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

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	4.14 percent
Medicare	-10.94 percent	4.14 percent
Prescription Drug		
Pre-Medicare	-11.95 percent	4.14 percent
Medicare	1.33 percent	4.14 percent

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

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

NOTE 13: **DEFINED BENEFIT OPEB PLANS** (Continued)

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

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

* Final Target weights reflected at October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should

Discount Rate The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB asset as of June 30, 2023.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 13**:** **DEFINED BENEFIT OPEB PLANS** (Continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net OPEB (asset)	$ (90,531)	$ (106,964)	$ (121,275)

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB (asset)	$ (121,939)	$ (106,964)	$ (88,926)

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

NOTE 14: **COMPENSATED ABSENCES**

Academy employees earn 10 personal days per year and the amounts cannot be carried over to the next fiscal year. Unused at fiscal year-end are paid out at a rate of between $150 and $200 per day in the next fiscal year. The liability for the payment of unused personal days at June 30, 2024 has been reported as "compensated absences payable" on the financial statements.

The Academy Superintendent is the only employee who accrues vacation days. The Superintendent is given the option to accrue unused vacation days up to three years or to be paid out annually for unused vacation days at fiscal year-end. The liability for the payment of unused vacation days at June 30, 2024 has been reported as "compensated absences payable" on the financial statements.

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academy's Proportion of the Net Pension Liability	0.0024884%	0.0014851%	0.0013794%	0.0014688%	0.0016719%	0.0017288%	0.0017201%	0.0013880%	0.0013830%	0.000349%
Academy's Proportionate Share of the Net Pension Liability	$ 137,497	$ 80,326	$ 50,896	$ 97,150	$ 100,033	$ 99,012	$ 102,772	$ 101,589	$ 78,915	$ 17,663
Academy's Covered Payroll	$ 98,721	$ 55,479	$ 47,614	$ 51,493	$ 57,363	$ 59,793	$ 54,164	$ 47,336	$ 41,639	$ 10,144
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.28%	144.79%	106.89%	188.67%	174.39%	165.59%	189.74%	214.61%	189.52%	174.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

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

See accompanying notes to the required supplementary information

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academy's Proportion of the Net Pension Liability	0.00549982%	0.00591635%	0.00601320%	0.00616594%	0.00660328%	0.00699330%	0.00686655%	0.00719044%	0.00671720%	0.00135304%
Academy's Proportionate Share of the Net Pension Liability	$ 1,184,383	$ 1,315,211	$ 768,840	$ 1,491,939	$ 1,460,275	$ 1,537,669	$ 1,631,163	$ 2,406,856	$ 1,856,556	$ 329,106
Academy's Covered Payroll	$ 742,850	$ 769,157	$ 741,993	$ 744,136	$ 775,250	$ 792,786	$ 751,914	$ 719,221	$ 700,871	$ 138,254
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.44%	170.99%	103.62%	200.49%	188.36%	193.96%	216.93%	334.65%	264.89%	238.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%

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

See accompanying notes to the required supplementary information

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 13,578	$ 13,821	$ 7,767	$ 6,666	$ 7,209	$ 7,744	$ 8,072	$ 7,583	$ 6,627	$ 5,488
Contributions in Relation to the Contractually Required Contribution	(13,578)	(13,821)	(7,767)	(6,666)	(7,209)	(7,744)	(8,072)	(7,583)	(6,627)	(5,488)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 96,986	$ 98,721	$ 55,479	$ 47,614	$ 51,493	$ 57,363	$ 59,793	$ 54,164	$ 47,336	$ 41,639
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

See accompanying notes to the required supplementary information

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 104,117	$ 103,999	$ 107,682	$ 103,879	$ 104,179	$ 108,535	$ 110,990	$ 105,268	$ 100,691	$ 98,122
Contributions in Relation to the Contractually Required Contribution	(104,117)	(103,999)	(107,682)	(103,879)	(104,179)	(108,535)	(110,990)	(105,268)	(100,691)	(98,122)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 743,693	$ 742,850	$ 769,157	$ 741,993	$ 744,136	$ 775,250	$ 792,786	$ 751,914	$ 719,221	$ 700,871
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.0022550%	0.0013466%	0.0012486%	0.0013419%	0.0015160%	0.0016786%	0.0015615%	0.0012582%
Academy's Proportionate Share of the Net OPEB Liability	$ 37,148	$ 18,906	$ 23,631	$ 29,163	$ 38,124	$ 46,569	$ 41,907	$ 35,864
Academy's Covered Payroll	$ 98,721	$ 55,479	$ 47,614	$ 51,493	$ 57,363	$ 59,793	$ 54,164	$ 47,336
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.63%	34.08%	49.63%	56.63%	66.46%	77.88%	77.37%	75.76%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST EIGHT FISCAL YEARS (1)

	2024	2023	2022	2021	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability/Asset	0.00549982%	0.00591635%	0.00601320%	0.00616594%	0.00660328%	0.00693304%	0.00686655%	0.00719044%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	$ (106,964)	$ (153,194)	$ (126,784)	$ (108,366)	$ (109,366)	$ (111,407)	$ 267,907	$ 384,547
Academy's Covered Payroll	$ 742,850	$ 769,157	$ 741,993	$ 744,136	$ 775,250	$ 792,786	$ 751,914	$ 719,221
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.40%	-19.92%	-17.09%	-14.56%	-14.11%	-14.05%	35.63%	53.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	168.52%	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.30%

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

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

See accompanying notes to the required supplementary information

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (1)	$ 104	$ -	$ -	$ -	$ -	$ 287	$ 869	$ 1,015	$ 573	$ 341
Contributions in Relation to the Contractually Required Contribution	(104)	-	-	-	-	(287)	(869)	(1,015)	(573)	(341)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Academy Covered Payroll	$ 96,986	$ 98,721	$ 55,479	$ 47,614	$ 51,493	$ 57,363	$ 59,793	$ 54,164	$ 47,336	$ 41,639
OPEB Contributions as a Percentage of Covered Payroll (1)	0.11%	0.00%	0.00%	0.00%	0.00%	0.50%	1.45%	1.87%	1.21%	0.82%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

EARLY COLLEGE ACADEMY
FRANKLIN COUNTY, OHIO
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - OPEB
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 743,693	$ 742,850	$ 769,157	$ 741,993	$ 744,136	$ 775,250	$ 792,786	$ 751,914	$ 719,221	$ 700,871
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2024.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% 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 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016, 2018-2021, and 2024. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) 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, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0.% to 0.85%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%. For fiscal year 2023, Cost-of-Living-Adjustments were increased from 2.00% to 2.50%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2024.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017, 2019-2021, and 2024. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%. For fiscal year 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2024.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2023 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent
Medicare Trend Assumption	
Medicare	
Fiscal year 2024	6.75 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre – Medicare	
Fiscal year 2024	7.00 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal years 2020 and 2021, the health care cost trend rates were modified.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates modified.

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. The health care cost trend rates were modified.

For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

Changes in Benefit Terms – STRS

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 2020.

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 2020, claims 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% to 1.984 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

There were no benefit term changes from the amounts reported for fiscal year 2022-2024.

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

Early College Academy
Franklin County
137 East State Street
Columbus, Ohio 43215

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Early College Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

March 25, 2025

SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2024

The prior audit report, as of June 30, 2023, included no citations or instances of noncompliance.

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OHIO AUDITOR OF STATE
KEITH FABER

EARLY COLLEGE ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 6/26/2025

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