ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY, OHIO

BASIC FINANCIAL STATEMENTS

(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the Achieve Career Preparatory Academy, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2019

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ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY, OHIO

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Independent Auditor's Report

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Achieve Career Preparatory Academy, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Achieve Career Preparatory Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Achieve Career Preparatory Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Achieve Career Preparatory Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Achieve Career Preparatory Academy, Lucas County, Ohio, as of June 30, 2018, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during fiscal year 2018, the Achieve Career Preparatory Academy adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

The accompanying financial statements have been prepared assuming the Achieve Career Preparatory Academy will continue as a going concern. As described in Note 16 to the financial statements, the Achieve Career Preparatory Academy has current liabilities exceeding current assets, which raises substantial doubt about the Achieve Career Preparatory Academy's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2018, on our consideration of the Achieve Career Preparatory Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Achieve Career Preparatory Academy's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 20, 2018

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The management's discussion and analysis of Achieve Career Preparatory Academy of Toledo's financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

In 2018,

- Total net position was ($2,213,277).
- Total assets were $142,313.
- Total deferred outflows of resources were $896,792.
- Total liabilities were $3,031,539.
- Total deferred inflows of resources were $220,843.

Using this Annual Report

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

The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position reflect how the Academy did financially during fiscal year 2018. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

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

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

The Academy uses enterprise presentation for all of its activities.

Statement of Net Position

Table I provides a summary of the Academy's net position for fiscal years 2018 and 2017:

TABLE 1	Governmental Activities June 30 2018	Governmental Activities June 30 2017 (restated)
Assets		
Current assets	$ 78,738	$ 100,050
Noncurrent assets	63,575	71,918
Total assets	142,313	171,968
Deferred Outflows of Resources		
Pension	838,944	601,220
OPEB	57,848	3,602
Total deferred outflows of resources	896,792	604,822
Liabilities		
Current liabilities	841,079	855,829
Noncurrent liabilities		
Due in more than one year		
Notes payable	-	22,615
Net pension liability	1,784,431	2,204,326
Net OPEB liability	406,029	475,728
Total noncurrent liabilities	2,190,460	2,702,669
Total liabilities	3,031,539	3,558,498
Deferred Inflows of Resources		
Pension	160,732	108,868
OPEB	60,111	-
Total deferred inflows of resources	220,843	108,868
Net Position		
Invested in capital assets–net of related debt	53,575	61,918
Unrestricted	(2,266,852)	(2,952,494)
Total net position	$(2,213,277)	$(2,890,576)

Statement of Net Position (continued)

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Academy adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

Statement of Net Position (continued)

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

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

As a result of implementing GASB 75, the Academy is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from ($2,418,450) to ($2,890,576).

Total net position for the Academy increased $677,299. Cash was $7,919. Total receivables decreased by $7,142 due to the net effect of collection of eRate rebates accrued in 2017 and the accrual of a large Medicaid settlement in 2018. Intergovernmental payable decreased $21,485 due to the collection of liability to the Ohio Department of Education for prior year FTE adjustments. Contracts payable increased $24,118 due to a net increase of uncollected management fees and rent, offset by collection of prior year expenses.

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Change in Net Position

Table 2 shows the change in net position for fiscal years 2018 and 2017, as well as a listing of revenues and expenses.

TABLE 2

	Governmental Activities June 30 2018	2017 (restated)
Operating Revenues		
Foundation payments	$ 1,131,620	$ 899,512
Food services	1,041	-
Other revenues	49,470	24,509
Nonoperating Revenues		
Federal grants	258,606	245,486
State grants	137,310	116,544
Contributions and donations	2,623	175
Total revenue	1,580,670	1,286,226
Operating Expenses		
Purchased services	769,916	1,519,225
Materials and supplies	67,920	107,055
Depreciation (unallocated)	22,244	24,523
Other expenses	42,622	54,420
Nonoperating Expenses		
Interest and fiscal charges	-	2,551
Write off security deposit	-	29,167
Refund of prior year revenues	669	-
Total expenses	903,371	1,736,941
Increase (decrease) in net position	$ 677,299	$ (450,715)
Net position beginning of year	(2,890,576)	N/A
Net position end of year	$(2,213,277)	$(2,890,576)

Net position increased by $677,299. Foundation payments increased $232,108 due to increased student count. Purchased services decreased $749,309 due primarily to the net effect of pension- and OPEB-related adjustments. Materials and supplies decreased by $39,135 due to concerted efforts to reduce expenditures.

Change in Net Position (continued)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $3,633 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $(59,259). Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$ 903,371
Negative OPEB Expense under GASB 75	59,259
2018 contractually required contribution	4,575
Adjusted 2018 program expenses	967,205
Total 2017 program expenses under GASB 45	1,736,941
Decrease in program expenses not related to OPEB	$ (769,736)

Capital Assets

At the end of fiscal year 2018, the Academy had $53,575 invested in capital assets (net of depreciation). Table 3 shows capital assets (net of depreciation) for fiscal years 2018 and 2017.

TABLE 3	**Net Capital Assets** June 30 2018	2017
Furniture, fixtures, and equipment	$ 53,575	$ 61,918
Total capital assets	$ 53,575	$ 61,918

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

Current Financial Issues

Achieve Career Preparatory Academy was formed in 2009. During the 2017-2018 school year there were 131 students enrolled in the Academy. This met the Academy's initial forecast, as has the 2018-2019 enrollment as of the date of this report. Net income net of pension- and OPEB-related adjustments was $7,710, an improvement of $395,288 from the prior fiscal year. The Academy receives its finances mostly from state aid. Foundation payments for fiscal year 2018 amounted to $1,131,620.

Contacting the Academy's Financial Management

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

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

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Statement of Net Position
June 30, 2018

Assets	
Current Assets	
Cash and cash equivalents	$ 7,919
Accounts receivable	522
Intergovernmental receivable	70,192
Prepaid Items	105
Total current assets	78,738
Noncurrent Assets	
Security deposits	10,000
Depreciable capital assets, net	53,575
Total noncurrent assets	63,575
Total Assets	142,313
Deferred Outflows of Resources	
Pension	838,944
OPEB	57,848
Total Deferred Outflows of Resources	896,792
Liabilities	
Current Liabilities	
Accounts payable	3,388
Accrued wages payable	50,512
STRS-SERS payable	5,777
Contracts payable	754,414
Interest payable	905
Notes payable - current portion	22,615
Intergovernmental payable	3,468
Total current liabilities	841,079
Noncurrent Liabilities	
Due in more than one year	
Net pension liability	1,784,431
Net OPEB liability	406,029
Total noncurrent liabilities	2,190,460
Total Liabilities	3,031,539
Deferred Inflows of Resources	
Pension	160,732
OPEB	60,111
Total Deferred Inflows of Resources	220,843
Net Position	
Net investment in capital assets	53,575
Unrestricted (deficit)	(2,266,852)
Total Net Position	$ (2,213,277)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended June 30, 2018

Operating Revenues	
Foundation payments	$ 1,131,620
Food Services	1,041
Other revenues	49,470
Total operating revenues	1,182,131
Operating Expenses	
Purchased services	769,916
Materials and supplies	67,920
Depreciation	22,244
Other	42,622
Total operating expenses	902,702
Operating Income	279,429
Nonoperating Revenues and Expenses	
Federal grants	258,606
State grants	137,310
Contributions and donations	2,623
Repayment of prior year revenues	(669)
Total nonoperating revenues and expenses	397,870
Change in Net Position	677,299
Net Position Beginning of Year (Restated - see Note 3)	(2,890,576)
Net Position End of Year	$ (2,213,277)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

Decrease in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from State of Ohio	$ 1,135,543
Cash received for food services	1,041
Cash received from other operating revenues	60,974
Cash payments to suppliers for goods and services	(1,535,843)
Net Cash Used for Operating Activities	(338,285)
Cash Flows from Noncapital Financing Activities	
Federal grants received	251,799
State grants received	125,207
Principal payments	(30,154)
Interest payments	(1,206)
Contributions	150
Refund of prior year revenues	(7,559)
Net Cash Provided by Noncapital Financing Activities	338,237
Cash Flows from Capital and Related Financing Activities	
Payments for capital acquisitions	(13,901)
Net Cash Used for Capital and Related Financing Activities	(13,901)
Net Decrease in Cash and Cash Equivalents	(13,949)
Cash and Cash Equivalents at Beginning of Year	21,868
Cash and Cash Equivalents at End of Year	$ 7,919

(continued)

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018
(continued)

Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating income	$ 279,429
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities	
Depreciation	22,244
Noncash donation of equipment	2,473
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Decrease in accounts receivable	31,713
Increase in intergovernmental receivable	(24,161)
Decrease in prepaid items	220
Increase in deferred outflows-pension	(237,724)
Increase in deferred outflows-OPEB	(54,246)
Decrease in accounts payable	(5,731)
Increase in contracts payable	24,118
Decrease in accrued wages and benefits	(4,194)
Increase in intergovernmental payable	3,906
Increase in STRS-SERS payable	1,287
Decrease in net pension liability	(419,895)
Decrease in net OPEB liability	(69,699)
Increase in deferred inflows-pension	51,864
Increase in deferred inflows-OPEB	60,111
Total Adjustments	(617,714)
Net Cash Used for Operating Activities	$ (338,285)

At June 30, 2018, $37,447 of the intergovernmental receivable related to nonoperating activity.

At June 30, 2017, $37,038 of the intergovernmental receivable related to nonoperating activity.

At June 30, 2018, $846 of the intergovernmental payable related to nonoperating activity.

At June 30, 2017, $26,237 of the intergovernmental payable related to nonoperating activity.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

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

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

The Academy operates under the direction of a five-member board of directors, which is also the governing board for another The Leona Group, LLC-managed academy. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by nineteen certificated personnel and ten non-certificated personnel who provide services to 131 students.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus

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

C. Basis of Accounting

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

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

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

Expenses are recognized at the time they are incurred.

D. Budgetary Process

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

E. Cash and Cash Equivalents

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

F. Receivables

Accounts receivable and intergovernmental receivables at June 30, 2018 are considered collectible in full and will be received within one year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets

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

Capitalization and Depreciation Policy

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

H. Net Position

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

I. Operating Revenues and Expenses

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

J. Estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows/Inflows of Resources

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

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

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

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

3. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 81, *Irrevocable Split-Interest Agreements,* GASB Statement No. 85, *Omnibus 2017,* GASB Statement No. 86, *Certain Debt Extinguishment Issues* and GASB Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions.*

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Academy.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. These changes were incorporated in the Academy's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

3. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION (continued)

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Academy.

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See the following table for the effect on net position as previously reported.

Restatement of Net Position

Net Position June 30, 2017	$ (2,418,450)
Adjustments:	
Net OPEB Liability	(475,728)
Deferred Outflow - OPEB-Payments Subsequent to Measurement Date	3,602
Restated Net Position, July 1, 2017	$ (2,890,576)

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

4. DEPOSITS AND INVESTMENTS

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

A. Cash on Hand

At fiscal year end, the Academy had $500 in undeposited cash on hand which is included in the financial statements as part of “cash and cash equivalents”.

B. Custodial Credit Risk of Bank Deposits

At June 30, 2018, the carrying value of all deposits was $7,419.

Custodial credit risk is the risk that, in the event of a bank failure, the Academy’s deposits may not be returned to it. The Academy’s deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial risk are used for the Academy’s deposits. The Academy’s bank balance of $8,122 was fully insured by the Federal Deposit Insurance Corporation.

5. RECEIVABLES

Receivables at June 30, 2018, consisted of intergovernmental grants, miscellaneous receipts, and refunds. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of receivables follows:

Receivables

Source	June 30, 2018
Intergovernmental receivable:	
Title I	$ 5,474
Title IIa	1,480
Title IV	44
IDEA	10,247
Child nutrition	16,751
SERS refund	2,536
Due from other academies	8,424
Medicaid	12,820
eRate rebate	8,965
Casino tax revenue	3,451
Total intergovernmental receivable	$ 70,192
Accounts receivable:	
Vendor refunds	$ 522
Total accounts receivable	$ 522

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 is as follows:

Capital Asset Activity

Category	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets being depreciated:				
Furniture and fixtures	$ 334,806	$ 13,901	$ -	$ 348,707
Total depreciable capital assets	334,806	13,901	-	348,707
Less accumulated depreciation:				
Furniture and fixtures	(272,888)	(22,244)	-	(295,132)
Total accumulated depreciation	(272,888)	(22,244)	-	(295,132)
Total depreciable capital assets - net	$ 61,918	$ (8,343)	$ -	$ 53,575

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7. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the Academy contracted with Philadelphia Indemnity Insurance Company for general liability, property insurance and educational errors and omissions insurance.

Coverage is as follows:

Insurance Coverages

Type	FY2018 Limits
Educational Errors and Omissions:	
D&O Liability and Employment Practices	$1,000,000
Student Sports	500,000
Cyber Crime	2,000,000
Student Foreign Travel	1,000,000
Aggregate, All Parts	2,000,000
General Liability:	
General Aggregate	2,000,000
Per Occurrence	1,000,000
Auto Liability Combined Single Limit	1,000,000
Abuse/Molestation	1,000,000
Umbrella	15,000,000
Property:	
Building	10,650,138
Personal Property	297,101
Business Income	150,000

There was no significant reduction in coverage from the prior year. Settled claims have not exceeded this coverage in any of the past three years. Any changes in coverage are due to periodic reviews of the needs of the Academy.

B. Workers' Compensation

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

8. 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 accrued wages payable and/or STRS-SERS payable on both the accrual and modified accrual bases of accounting.

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.

8. DEFINED BENEFIT PENSION PLANS (continued)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund (see Note 9).

The Academy's contractually required contribution to SERS was $28,074 for fiscal year 2018. Of this amount, $778 is recorded as a liability of the Academy.

8. DEFINED BENEFIT PENSION PLANS (continued)

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC plan and the remaining 2 percent is applied to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 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 therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

8. DEFINED BENEFIT PENSION PLANS (continued)

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

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, 2018, 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 2018 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was $70,018 for fiscal year 2018. Of this amount, $6,491 is recorded as a liability of the Academy.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability:			
Current measurement date	0.00647790%	0.00588246%	
Prior measurement date	0.00720790%	0.00500933%	
Change in proportionate share	(0.00073000%)	0.00087313%	
Proportionate share of the net pension liability	$ 387,040	$ 1,397,391	$ 1,784,431
Pension expense	$ (45,458)	$ (462,205)	$ (507,663)

8. DEFINED BENEFIT PENSION PLANS (continued)

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

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

At June 30, 2018, 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 - Pension			
Differences between expected and actual experience	$ 16,656	$ 53,957	$ 70,613
Changes of assumptions	20,014	305,625	325,639
Changes in proportion and differences between Academy contributions and proportionate share of contributions	-	344,600	344,600
Academy contributions subsequent to the measurement date	28,074	70,018	98,092
Total deferred outflows of resources - pension	$ 64,744	$ 774,200	$ 838,944
Deferred Inflows of Resources - Pension			
Differences between expected and actual experience	$ -	$ 11,262	$ 11,262
Net difference between projected and actual earnings on pension plan investments	1,839	46,112	47,951
Changes in proportion and differences between Academy contributions and proportionate share of contributions	59,560	41,959	101,519
Total deferred inflows of resources - pension	$ 61,399	$ 99,333	$ 160,732

8. DEFINED BENEFIT PENSION PLANS (continued)

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

$98,092 reported as deferred outflows of resources related to pension resulting from the Academy's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Amortization of Deferred Outflows and Deferred Inflows - Pension

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	$ (15,776)	$ 139,732	$ 123,956
2020	3,273	202,463	205,736
2021	(3,204)	187,097	183,893
2022	(9,022)	75,557	66,535
	$ (24,729)	$ 604,849	$ 580,120

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.

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.

8. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Calculating Total Pension Liability - SERS

Method	Assumption
Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)
Actuarial assumptions experience study date	5 year period ended June 30, 2015
Investment rate of return	7.50 percent net of investments expense, including inflation
COLA or ad hoc COLA	2.50 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Inflation	3.00 percent
Mortality assumptions	Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the 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.

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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Real Rates of Return on Pension Plan Investments - SERS

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US stocks	22.50	4.75
Non-US stocks	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategy	10.00	3.00
	100.00 %	

8. DEFINED BENEFIT PENSION PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Sensitivity to Changes in Discount Rate - SERS

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's proportionate share of the net pension liability	$ 537,111	$ 387,040	$ 261,325

F. Actuarial Assumptions - STRS

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation are presented below:

Calculating Total Pension Liability - STRS

Method	Assumption
Valuation date	June 30, 2017
Actuarial assumptions experience study date	July 1, 2011 - June 30, 2016
Inflation	2.50 percent
Salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0.00 percent, effective July 1, 2017
Mortality assumptions	Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

8. DEFINED BENEFIT PENSION PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

STRS'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:

Real Rates of Return on Pension Plan Investments - STRS

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

*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's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously in this note. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

Sensitivity to Changes in Discount Rate - STRS

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	$ 2,003,112	$ 1,397,391	$ 887,161

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

A. Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability 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 represents 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 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 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. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages payable and/or STRS/SERS payable on both the accrual and modified accrual bases of accounting.

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org 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 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. 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. For fiscal year 2018, the Academy's surcharge obligation was $3,535.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $4,575 for fiscal year 2018. Of this amount, $3,564 is recorded as a liability of the Academy.

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (continued)

C. Plan Description - School Employees Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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, 2018, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability:			
Current measurement date	0.00657730%	0.00588246%	
Prior measurement date	0.00729125%	0.00500933%	
Change in proportionate share	(0.00071395%)	0.00087313%	
Proportionate share of the net OPEB liability	$ 176,517	$ 229,512	$ 406,029
OPEB expense	$ 4,104	$ (63,363)	$ (59,259)

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

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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

At June 30, 2018, 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 - OPEB			
Differences between expected and actual experience	$ -	$ 13,249	$ 13,249
Changes in proportion and differences between Academy contributions and proportionate share of contributions	-	40,024	40,024
Academy contributions subsequent to the measurement date	4,575	-	4,575
Total deferred outflows of resources - OPEB	$ 4,575	$ 53,273	$ 57,848
Deferred Inflows of Resources - OPEB			
Net difference between projected and actual earnings on OPEB plan investments	$ 466	$ 9,810	$ 10,276
Changes of assumptions	16,751	18,488	35,239
Changes in proportion and differences between Academy contributions and proportionate share of contributions	14,596	-	14,596
Total deferred inflows of resources - OPEB	$ 31,813	$ 28,298	$ 60,111

$4,575 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization of Deferred Outflows and Deferred Inflows - OPEB

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	$ (11,475)	$ 3,346	$ (8,129)
2020	(11,475)	3,346	(8,129)
2021	(8,748)	3,346	(5,402)
2022	(115)	3,344	3,229
2023	0	5,798	5,798
Thereafter	0	5,795	5,795
Total to be amortized	$ (31,813)	$ 24,975	$ (6,838)

9. OTHER POST-EMPLOYMENT 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 are presented below:

Calculating Total OPEB Liability - SERS

Method	Assumption
Valuation date	June 30, 2017
Actuarial assumptions experience study date	5 year period ended June 30, 2015
Investment rate of return	7.50 percent net of investments expense, including inflation
Inflation	3.00 percent
Wage increases	3.50 percent to 18.20 percent
Municipal bond index rate	
Prior measurement date	2.92 percent
Measurement date	3.56 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Prior measurement date	2.98 percent
Measurement date	3.63 percent
Medical trend assumption	
Pre-Medicare	7.50 percent - 5.00 percent
Medicare	5.50 percent - 5.00 percent
Mortality assumptions	Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

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, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer 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, 2015 five-year experience study, are summarized as follows:

Real Rates of Return on OPEB Plan Investments - SERS

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US stocks	22.50	4.75
Non-US stocks	22.50	7.00
Fixed income	19.00	1.50
Private equity	10.00	8.00
Real assets	15.00	5.00
Multi-asset strategy	10.00	3.00
	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 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 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (continued)

E. Actuarial Assumptions – SERS (continued)

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

Sensitivity to Changes in Discount Rate - SERS

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Academy's proportionate share of the net OPEB liability	$ 213,167	$ 176,517	$ 147,481

Sensitivity to Changes in Trend Rate - SERS

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	$ 143,231	$ 176,517	$ 220,573

F. Actuarial Assumptions – STRS

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

Calculating Total OPEB Liability - STRS

Method	Assumption
Valuation date	June 30, 2017
Actuarial assumptions experience study date	July 1, 2011 - June 30, 2016
Inflation	2.50 percent
Salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Payroll increases	3.00 percent
Blended discount rate of return	4.13 percent
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Health care cost trends	6.00 percent - 11.00 percent initial, 4.50 percent ultimate
Cost-of-living adjustments (COLA)	0.00 percent effective July 1, 2017
Mortality assumptions	For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

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

Since the prior measurement date, 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.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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

Real Rates of Return on OPEB Plan Investments - STRS

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

*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'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.

9. OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS (continued)

F. Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. 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 not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability 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.

Sensitivity to Changes in Discount Rate - STRS

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Academy's proportionate share of the net OPEB liability	$ 308,116	$ 229,512	$ 167,389

Sensitivity to Changes in Trend Rate - STRS

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	$ 159,455	$ 229,512	$ 321,715

10. CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the funds. 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, 2018.

B. Foundation Funding

Academy foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The 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. ODE did not perform such a review on the Academy for fiscal year 2018.

As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Academy.

In addition, the Academy's contracts with Buckeye Hope Community Foundation and TLG require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2018 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2018 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the Academy.

11. PURCHASED SERVICE EXPENSES

For the period ended June 30, 2018, purchased service expenses were payments for services rendered by various vendors and adjustments related to pension and OPEB, as follows:

Purchased Services

Category	FY2018
Salaries	$ 613,264
Fringe benefits	(457,112)
Other professional and technical services	92,087
The Leona Group, LLC	183,367
Legal services	1,760
Buckeye Community Hope Foundation	36,820
Cleaning services	5,594
Repairs and maintenance	27,180
Building rental	120,000
Other rentals	10,315
Communication	30,708
Advertising	3,803
Utilities	41,311
Contracted food service	59,346
Pupil transportation	1,473
Total purchased services	$ 769,916

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12. OPERATING LEASES

On May 19, 2016, the Academy entered into a lease for the period July 1, 2016 through June 30, 2021 with Beverly Victory Avenue Property Holdings, LLC, a TLG-affiliated company. Annual rent for the first two years of the lease is $120,000, and $144,000 thereafter.

The following is a schedule of the future minimum payments required under the operating lease as of June 30, 2018.

Future Minimum Lease Payments Due

Fiscal Year Ending June 30	Annual Total
2019	144,000
2020	144,000
2021	144,000
Total minimum lease payments	$432,000

13. DEBT

Debt at June 30, 2017 has been restated as described in Note 3. Debt activity during fiscal year 2018 is as follows:

Debt Activity

Owed To	Restated Balance at 6/30/2017	Additions	Reductions	Balance at 6/30/2018
The Leona Group, LLC	$ 52,769	$ -	$ 30,154	$ 22,615
Net pension liability	2,204,326	-	419,895	1,784,431
Net OPEB liability	475,728	-	69,699	406,029
Total	$ 2,732,823	$ -	$ 519,748	$ 2,213,075

13. DEBT (continued)

On June 30, 2011, the Academy entered into a loan agreement with The Leona Group, LLC, with a maturity date of June 30, 2014. This agreement provided the Academy with $67,847 for operations of the Academy. The annual rate of interest is 4%. Accrued interest on this loan totaled $2,714. Beginning in July 2016 the Academy began making payments on the loan and accrued interest in 36 equal monthly installments. The balance of $22,615 is due within one year.

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

14. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT

The Academy entered into a ten year, two month contract, effective May 8, 2009 through June 30, 2019, with The Leona Group, LLC, for educational management services for all of the management, operation, administration, and education at the Academy. In exchange for its services, TLG receives a capitation fee of 12% of the gross revenue. The amount paid to TLG for fiscal period 2018 totaled $183,367.

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

A. implementation and administration of the educational program;

B. management of all personnel functions, including professional development;

C. operation of the school building and the installation of technology integral to school design;

D. all aspects of the business administration of the Academy;

E. the provision of food service for the Academy; and

F. any other function necessary or expedient for the administration of the Academy.

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

For the year ended June 30, 2018, those expenses are shown in the following table:

14. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT (continued)

Related Party Transactions

	Function (code range)				
	Regular Instruction (1100)	Special Instruction (1200)	Support Services (2000)	Non-Instructional (3000-7000)	Total
Direct expenses:					
Object (code range)					
Salaries and wages (100)	$ 227,677	$ 73,952	$ 274,102	$ 39,974	$ 615,705
Employees' benefits (200)	83,700	25,943	84,243	13,208	207,094
Professional & technical services (410)	-	-	20,552	-	20,552
Property services (420)	-	-	-	120,000	120,000
Contracted craft/trade services (460)	-	-	-	994	994
Supplies (500)	-	-	2,650	-	2,650
Other direct costs (All other)	-	-	30,622	-	30,622
Total expenses	$ 311,377	$ 99,895	$ 412,169	$ 174,176	$ 997,617

At June 30, 2018, the Academy had payables to The Leona Group, LLC in the amount of $754,414. The following is a schedule of payables to The Leona Group, LLC:

Balance Due to The Leona Group, LLC

Type	June 30, 2018
Management fees	$ 594,844
Payroll	548
Rent	130,000
Miscellaneous	29,022
Total	$ 754,414

15. INTERGOVERNMENTAL PAYABLES

Intergovernmental payables at June 30, 2018 consist primarily of the results of current year enrollment/funding reviews by the Ohio Department of Education (see Note 10).

A summary of the principal items of intergovernmental payables is below:

Intergovernmental Payables

Source	FY2018
ODE final adjustment FY2018	$ 3,468
Total intergovernmental payable	$ 3,468

16. GOING CONCERN

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

The Academy had operating income of $279,429, an increase in net position of $677,299 and current liabilities exceeding current assets by $762,341 during fiscal year 2018. $669,589 of the increase in net position was due to pension- and OPEB-related activity beyond the control of the Academy. Net income net of pension and OPEB adjustments was $7,710, an improvement of $395,288 over the previous fiscal year. Although collection of payroll and monthly installments on the note to the management company are current as of June 30, 2018, contracts payable continues to increase as additional unremitted management fees and rent accrue.

The Academy's student enrollment for the 2017-2018 school year met the initial forecast, as has the 2018-2019 enrollment as of the date of this report. Grassroots and social media marketing strategies will continue to help increase enrollment, as will concerted efforts to cut expenditures.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2018, the date of this report. As of that date, no significant subsequent events were noted.

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years [1]

	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)					
Academy's proportion of the net pension liability	0.00647790%	0.00720790%	0.00772960%	0.00841400%	0.00841400%
Academy's proportionate share of the net pension liability	$ 387,040	$ 527,552	$ 441,058	$ 425,828	$ 500,354
Academy's covered payroll	$ 217,186	$ 221,314	$ 232,693	$ 245,000	$ 220,549
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	178.21%	238.37%	189.54%	173.81%	226.87%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)					
Academy's proportion of the net pension liability	0.00588246%	0.00500933%	0.00414511%	0.00451202%	0.00451202%
Academy's proportionate share of the net pension liability	$ 1,397,391	$ 1,676,774	$ 1,145,587	$ 1,097,479	$ 1,307,310
Academy's covered payroll	$ 648,329	$ 531,707	$ 432,471	$ 431,508	$ 529,969
Academy's proportionate share of the net pension liability as a percentage of its covered payroll	215.54%	315.36%	264.89%	254.34%	246.68%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

[1] Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Note: See accompanying Notes to the Required Supplementary Information.

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Required Supplementary Information
Schedule of the Academy's Pension Contributions
Last Nine Fiscal Years [1]

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

(1) Fiscal Year 2010 was the Academy's first year of operation

Note: See accompanying Notes to the Required Supplementary Information.

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Required Supplementary Information
Schedule of the Academy's Pension Contributions
Last Nine Fiscal Years [1]

	2013	2012	2011	2010
School Employees Retirement System (SERS)				
Contractually required pension contribution	$ 30,524	$ 27,328	$ 23,552	$ 21,050
Contributions in relation to the contractually required pension contribution	(30,524)	(27,328)	(23,552)	(21,050)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Academy's covered payroll	$220,549	$203,182	$187,367	$155,465
Contributions as a percentage of covered payroll	13.84%	13.45%	12.57%	13.54%
State Teachers Retirement System (STRS)				
Contractually required pension contribution	$ 68,896	$ 97,520	$103,329	$ 62,207
Contributions in relation to the contractually required pension contribution	(68,896)	(97,520)	(103,329)	(62,207)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Academy's covered payroll	$529,969	$750,154	$794,838	$478,515
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%

(1) Fiscal Year 2010 was the Academy's first year of operation

Note: See accompanying Notes to the Required Supplementary Information.

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years [1]

	2018	2017
School Employees Retirement System (SERS)		
Academy's proportion of the net OPEB liability	0.00657730%	0.00729125%
Academy's proportionate share of the net OPEB liability	$ 176,517	$ 207,828
Academy's covered payroll	$ 217,186	$ 221,314
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.27%	93.91%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%
State Teachers Retirement System (STRS)		
Academy's proportion of the net OPEB liability	0.00588246%	0.00500933%
Academy's proportionate share of the net OPEB liability	$ 229,512	$ 267,900
Academy's covered payroll	$ 648,329	$ 531,707
Academy's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.40%	50.38%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

[1] Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Note: See accompanying Notes to the Required Supplementary Information.

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio
Required Supplementary Information
Schedule of the Academy's OPEB Contributions
Last Nine Fiscal Years [(1)]

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

(1) Fiscal Year 2010 was the Academy's first year of operation

Note: See accompanying Notes to the Required Supplementary Information.

ACHIEVE CAREER PREPARATORY ACADEMY
Lucas County, Ohio

Required Supplementary Information

Schedule of the Academy's OPEB Contributions

Last Nine Fiscal Years (1)

	2013	2012	2011	2010
School Employees Retirement System (SERS)				
Contractually required OPEB contribution	$ 6,465	$ 6,254	$ 6,627	$ 3,066
Contributions in relation to the contractually required OPEB contribution	(6,465)	(6,254)	(6,627)	(3,066)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Academy's covered payroll	$220,549	$203,182	$187,367	$155,465
Contributions as a percentage of covered payroll	2.93%	3.08%	3.54%	1.97%
State Teachers Retirement System (STRS)				
Contractually required OPEB contribution	$ 5,300	$ 7,502	$ 7,948	$ 4,785
Contributions in relation to the contractually required OPEB contribution	(5,300)	(7,502)	(7,948)	(4,785)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Academy's covered payroll	$529,969	$750,154	$794,838	$478,515
Contributions as a percentage of covered payroll	1.00%	1.00%	1.00%	1.00%

(1) Fiscal Year 2010 was the Academy's first year of operation

Note: See accompanying Notes to the Required Supplementary Information.

1. NET PENSION LIABILITY

A. Changes in Assumptions - SERS

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

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

B. Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

C. Changes in Assumptions – STRS

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

D. Changes in Benefit Terms - STRS

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

2. NET OPEB LIABILITY

A. Changes in Assumptions - SERS

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

Municipal Bond Index Rate:
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 2018 — 3.63 percent
Fiscal year 2017 — 2.98 percent

B. 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.

Also 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.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Achieve Career Preparatory Academy, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Achieve Career Preparatory Academy's basic financial statements and have issued our report thereon dated December 20, 2018, wherein we noted as discussed in Note 3, the Achieve Career Preparatory Academy adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Furthermore, the accompanying financial statements have been prepared assuming the Achieve Career Preparatory Academy will continue as a going concern as discussed in Note 16.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Achieve Career Preparatory Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Achieve Career Preparatory Academy's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Achieve Career Preparatory Academy's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Achieve Career Preparatory Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Achieve Career Preparatory Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Achieve Career Preparatory Academy's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 20, 2018

OHIO AUDITOR OF STATE
KEITH FABER

ACHIEVE CAREER PREPARATORY ACADEMY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 26, 2019