

**ANN JERKINS-HARRIS
ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

REGULAR AUDIT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 & 2024**



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Columbus, Ohio 43215
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800-282-0370

Board of Directors
Ann Jerkins-Harris Academy of Excellence
728 Parkside Blvd
Toledo, Ohio 43607

We have reviewed the *Independent Auditor's Report* of the Ann Jerkins-Harris Academy of Excellence, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2023 through June 30, 2025. 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 Ann Jerkins-Harris Academy of Excellence is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 01, 2026

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**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

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Independent Auditor's Report

Ann Jerkins-Harris Academy of Excellence
Lucas County
728 Parkside Blvd.
Toledo, Ohio 43607

To the Members of the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Ann Jerkins-Harris Academy of Excellence, Lucas County, Ohio, as of and for the fiscal years ended June 30, 2025 and June 30, 2024, and the related notes to the financial statements, which collectively comprise Ann Jerkins-Harris Academy of Excellence's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Ann Jerkins-Harris Academy of Excellence, as of June 30, 2025 and June 30, 2024, and the respective changes in financial position, and cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2026 on our consideration of Ann Jerkins-Harris Academy of Excellence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ann Jerkins-Harris Academy of Excellence's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ann Jerkins-Harris Academy of Excellence's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
April 22, 2026

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The discussion and analysis of the Ann Jerkins-Harris Academy of Excellence (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, the Academy's net position decreased \$92,160, from 2024's deficit of \$1,153,564 to a deficit of \$1,245,724.
- The Academy had operating revenues of \$1,521,018 and operating expenses of \$1,986,415 during fiscal year 2025. The Academy also recognized non-operating revenue of \$376,629 from Federal and State grants and entitlements and interest charges of \$3,392 during the year.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy Financial Activities

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

These documents look at all financial transactions and ask the question, "How did the Academy perform financially during 2025?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting, similar to accounting used by most private-sector companies. This basis of accounting takes into account all current year revenues and expenses regardless of when cash is received or paid.

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

The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its operations.

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

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

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The table below provides a summary of the Academy's net position at June 30, 2025 and June 30, 2024.

	Net Position	
	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Current assets	\$ 150,435	\$ 216,534
Non-current assets	<u>169,481</u>	<u>156,699</u>
Total assets	<u>319,916</u>	<u>373,233</u>
<u>Deferred outflows</u>	<u>453,942</u>	<u>577,666</u>
<u>Liabilities</u>		
Current liabilities	170,427	138,747
Long-term liabilities:		
Due in more than one year	34,480	18,949
Net pension liability	1,238,227	1,347,410
Net OPEB liability	<u>123,348</u>	<u>185,683</u>
Total liabilities	<u>1,566,482</u>	<u>1,690,789</u>
<u>Deferred inflows</u>	<u>453,100</u>	<u>413,674</u>
<u>Net Position</u>		
Net investment in capital assets	37,497	57,124
Restricted	104,564	114,800
Unrestricted (deficit)	<u>(1,387,785)</u>	<u>(1,325,488)</u>
Total net position (deficit)	<u>\$ (1,245,724)</u>	<u>\$ (1,153,564)</u>

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2025 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2025, 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 and the net OPEB asset.

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

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position.

At June 30, 2025, capital assets represented 33.55% of total assets. Capital assets are used to provide services to students and are not available for future spending. Capital assets consist of equipment, vehicles and intangible right to use assets.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources were comparable to fiscal year 2024.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The table below shows the changes in net position for the fiscal year 2025 and fiscal year 2024.

Change in Net Position

	<u>2025</u>	<u>2024</u>
<u>Operating Revenues:</u>		
Foundation revenue	\$ 1,516,958	\$ 1,483,431
Other	<u>4,060</u>	<u>19,966</u>
Total operating revenue	<u>1,521,018</u>	<u>1,503,397</u>
<u>Operating Expenses:</u>		
Salaries and wages	849,667	931,089
Fringe benefits	200,321	272,887
Purchased services	818,591	728,538
Materials and supplies	69,998	94,655
Other	-	2,360
Depreciation/amortization	<u>47,838</u>	<u>35,757</u>
Total operating expenses	<u>1,986,415</u>	<u>2,065,286</u>
<u>Non-Operating Revenues (Expenses):</u>		
Federal and State grants and contributions	376,629	605,948
Interest and fiscal charges	<u>(3,392)</u>	<u>(1,634)</u>
Total non-operating revenues (expenses)	<u>373,237</u>	<u>604,314</u>
Change in net position	(92,160)	42,425
Net position (deficit) at beginning of year	<u>(1,153,564)</u>	<u>(1,195,989)</u>
Net position (deficit) at end of year	<u>\$ (1,245,724)</u>	<u>\$ (1,153,564)</u>

The revenue generated by community schools such as the Academy is heavily dependent upon the per-pupil allotment determined by the State foundation program and federal entitlement programs. Foundation payments amounted to 79.94% of total revenues received during fiscal year 2024.

Overall, operating revenues remained comparable with a slight increase of \$17,621 or 1.17%. This increase is primarily the result of an increase in Foundation revenue during fiscal year 2025.

Overall, operating expenses decreased \$78,871 or 3.82%. This decrease is primarily the result of the Academy's cost containment efforts.

Debt Administration

At June 30, 2025 the Academy had long-term obligations which included leases payable of \$69,850. Of this amount \$35,370 is due within one year and \$34,480 due in more than one year. See Note 8 in the notes to the basic financial statements for further detail relating to the Academy's long-term obligations.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Capital Assets

At June 30, 2025, the Academy had \$107,347 in capital assets, net of accumulated depreciation/amortization. The Academy had \$47,838 in depreciation/amortization expense. The Academy had capital asset additions of \$64,656 during the year. The Academy's capital assets consist of equipment, vehicles and intangible right to use leased assets. See Note 9 in the notes to the basic financial statements for further detail relating to the Academy's capital assets.

Current Financial Related Activities

The Academy is reliant upon State Foundation monies and State Grants to offer quality educational services to students.

In order to continually provide learning opportunities to the Academy's students, Academy will apply resources to best meet the needs of its students. It is the intent of Academy to apply for other State funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide a general overview of the Academy for Educational Excellence's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Todd Johnson, Treasurer of the Academy, 728 Parkside Boulevard, Toledo, Ohio 43607.

BASIC
FINANCIAL STATEMENTS

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

Assets:

Current assets:

Equity in pooled cash and cash equivalents	\$ 88,489
Receivables:	
Intergovernmental	46,072
Prepayments	15,874
Total current assets	<u>150,435</u>

Non-current assets:

Net OPEB asset	62,134
Capital assets being depreciated/amortized, net	107,347
Total non-current assets	<u>169,481</u>
Total assets	<u>319,916</u>

Deferred outflows of resources:

Pension	316,601
OPEB	137,341
Total deferred outflows of resources	<u>453,942</u>

Liabilities:

Current liabilities:

Accounts payable	43,465
Accrued wages and benefits	67,408
Pension and postemployment benefits payable	22,793
Intergovernmental payable	1,118
Accrued interest payable	273
Leases payable - due in one year	35,370
Total current liabilities	<u>170,427</u>

Non-current liabilities:

Leases payable - due in more than one year	34,480
Net pension liability	1,238,227
Net OPEB liability	123,348
Total non-current liabilities	<u>1,396,055</u>
Total liabilities	<u>1,566,482</u>

Deferred inflows of resources:

Pension	218,600
OPEB	234,500
Total deferred inflows of resources	<u>453,100</u>

Net position:

Net investment in capital assets	37,497
Restricted for:	
Locally funded programs	500
OPEB	62,134
Food service operations	41,930
Unrestricted (deficit)	<u>(1,387,785)</u>
Total net position (deficit)	<u>\$ (1,245,724)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Operating revenues:	
Foundation revenue	\$ 1,516,958
Other	4,060
Total operating revenues	<u>1,521,018</u>
 Operating expenses:	
Salaries and wages	849,667
Fringe benefits	200,321
Purchased services	818,591
Materials and supplies	69,998
Depreciation/amortization	47,838
Total operating expenses	<u>1,986,415</u>
Operating loss	<u>(465,397)</u>
 Non-operating revenues (expenses):	
Federal and State grants and contributions	376,629
Interest charges	(3,392)
Total non-operating revenues (expenses)	<u>373,237</u>
Change in net position	(92,160)
Net position (deficit) at beginning of year	<u>(1,153,564)</u>
Net position (deficit) at end of year	<u><u>\$ (1,245,724)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Cash flows from operating activities:	
Cash received from State foundation	\$ 1,520,067
Cash received from other operations	4,060
Cash payments for salaries and wages	(856,839)
Cash payments for fringe benefits	(215,577)
Cash payments for contractual services	(812,872)
Cash payments for materials and supplies	(62,944)
Net cash used in operating activities	<u>(424,105)</u>
Cash flows from noncapital financing activities:	
Federal and State grants and contributions	<u>412,847</u>
Net cash provided by noncapital financing activities	<u>412,847</u>
Cash flows from capital and related financing activities:	
Interest charges	(3,177)
Principal retirement on leases payable	<u>(28,211)</u>
Net cash used in capital and related financing activities	<u>(31,388)</u>
Net decrease in cash and cash equivalents	(42,646)
Cash and cash equivalents at beginning of year	<u>131,135</u>
Cash and cash equivalents at end of year	<u><u>\$ 88,489</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (465,397)
Adjustments:	
Depreciation/amortization	47,838
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Intergovernmental receivable	3,109
Prepayments	(15,874)
Accounts payable	14,494
Accrued wages and benefits	(7,172)
Intergovernmental payable	37
Pension and postemployment benefits payable	3,192
Net pension liability	(109,183)
Net OPEB asset	4,036
Net OPEB liability	(62,335)
Deferred outflows - pensions	83,503
Deferred outflows - OPEB	40,221
Deferred inflows - pensions	19,538
Deferred inflows - OPEB	19,888
Net cash used in operating activities	<u><u>\$ (424,105)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - DESCRIPTION OF THE ACADEMY

The Ann Jerkins-Harris Academy of Excellence (the “Academy”) is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to serve students in grades Kindergarten through 3 and ages 5 through 9. The Academy focuses on literacy and technology. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s tax-exempt status. The Academy is nonsectarian in its programs, admission policies, employment practices and all other operations.

The Academy was approved for sponsorship under contract resolution on March 15, 2012 with North Central Ohio Educational Service Center (the “Sponsor”) for a period of five years commencing on July 1, 2012. The sponsor contract was amended and renewed during fiscal year 2017. The term of this contract began on July 1, 2017 and ended on June 30, 2019. The contract was amended and renewed through June 30, 2022. The contract was amended to include one additional year, from July 1, 2022 through June 30, 2023, amended again to include one additional year, from July 1, 2023 through June 30, 2024, amended again to include one additional year, from July 1, 2024 through June 30, 2025, and amended one addition year, from July 1, 2025 through June 30, 2026. 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 Governing Board. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy’s one instructional/support facility staffed by 16 non-certified and 10 certified teaching personnel who provide services to 130 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Academy’s basic financial statements consists of a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

The Academy uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus and Basis of Accounting

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

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for reporting purposes. 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 received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

C. Budgetary Process

Unlike traditional public Schools located in the State of Ohio, community academies are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed Academy budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705. The Academy is required to submit a five-year budget forecast with the Ohio Department of Education and Workforce, c/o Superintendent of Public Instruction.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Notes 6 and 7 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 6 and 7 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively.

E. Cash and Cash Equivalents

All cash received by the Academy is maintained in demand deposit accounts. The Academy did not have any investments during fiscal year 2025.

F. Capital Assets and Depreciation/Amortization

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of \$1,500. 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. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

<u>Description</u>	<u>Estimated Life</u>
Equipment	5 - 10 years
Vehicles	5 - 7 years
Intangible leased assets	5 years

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

G. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, which includes Economic Disadvantaged Funding and Limited English Proficiency Funding, which are reflected under “foundation revenue” on the statement of revenues, expenses and changes in net position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

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.

H. Operating Revenues and Expenses

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

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

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

J. Use of Estimates

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

K. Prepayments

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2025, the Academy has implemented GASB Statement No. 101, “Compensated Absences” and GASB Statement No. 102, “Certain Risk Disclosures”.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the Academy.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS

At June 30, 2025, the carrying amount of all Academy deposits was \$88,489. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2025, the Academy’s bank balance was \$100,332, of which all was covered by the Federal Deposit Insurance Corporation (FDIC). None of the Academy’s bank balance was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Academy has no deposit policy for custodial credit risk.

The Academy had no investments.

NOTE 5 - 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 2025, the Academy contracted with Cincinnati Insurance Company for general liability and property insurance and professional liability, and auto.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 - RISK MANAGEMENT - (Continued)

Coverage is as follows:

Commercial General Liability per occurrence	\$ 1,000,000
Commercial General Liability aggregate	2,000,000
Fire Damage Limit, Any One Fire	500,000
Personal and Advertising Injury Limit	1,000,000
Property Damage	100,000
School and Educators Liability	3,000,000
Business Automobile	1,000,000

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

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.

NOTE 6 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The 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/OPEB liability (asset) represent the Academy's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 7 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Academy's 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, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% cost-of-living adjustment (COLA) for calendar year 2024.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the Academy is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$70,772 for fiscal year 2025. Of this amount, \$5,023 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers and other faculty members participate in STRS, 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 (CO) 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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$53,872 for fiscal year 2025.

Net 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, 2024, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.011125200%	0.003402320%	
Proportion of the net pension liability current measurement date	<u>0.011883800%</u>	<u>0.003275710%</u>	
Change in proportionate share	<u>0.000758600%</u>	<u>-0.000126610%</u>	
Proportionate share of the net pension liability	\$ 607,927	\$ 630,300	\$ 1,238,227
Pension expense	\$ 106,198	\$ 12,304	\$ 118,502

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 23,210	\$ 39,692	\$ 62,902
Changes of assumptions	5,438	29,046	34,484
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	52,449	42,122	94,571
Contributions subsequent to the measurement date	<u>70,772</u>	<u>53,872</u>	<u>124,644</u>
Total deferred outflows of resources	<u>\$ 151,869</u>	<u>\$ 164,732</u>	<u>\$ 316,601</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 346	\$ 346
Net difference between projected and actual earnings on pension plan investments	38,023	54,192	92,215
Changes of assumptions	-	21,863	21,863
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>104,176</u>	<u>104,176</u>
Total deferred inflows of resources	<u>\$ 38,023</u>	<u>\$ 180,577</u>	<u>\$ 218,600</u>

\$124,644 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (5,998)	\$ (28,207)	\$ (34,205)
2027	57,245	25,304	82,549
2028	3,006	(48,546)	(45,540)
2029	<u>(11,179)</u>	<u>(18,268)</u>	<u>(29,447)</u>
Total	<u>\$ 43,074</u>	<u>\$ (69,717)</u>	<u>\$ (26,643)</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024 and June 30, 2023, are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement
Investment rate of return	7.00% net of system expenses	7.00% net of system expenses
Actuarial cost method	Entry age normal (level percent of payroll)	Entry age normal (level percent of payroll)

In 2024, mortality rates were based on the following:

Service Retirement: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Disabled Retirement: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Contingent Survivor: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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.

As of June 30, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</u>
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate - Total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

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 proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	\$ 930,045	\$ 607,927	\$ 336,722

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%, effective July 1, 2017	0.00%, effective July 1, 2017

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. 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. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

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

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	\$ 1,016,784	\$ 630,300	\$ 303,400

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 6 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private Academy, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment 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 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the Academy's surcharge obligation was \$8,332.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was \$8,332 for fiscal year 2025. Of this amount, \$8,332 is reported as pension and postemployment benefits payable.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

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. All benefit recipients 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% of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Academy's proportion of the net OPEB liability/asset was based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB			
liability/asset prior measurement date	0.011271000%	0.003402320%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.012110800%</u>	<u>0.003275710%</u>	
Change in proportionate share	<u>0.000839800%</u>	<u>-0.000126610%</u>	
Proportionate share of the net			
OPEB liability	\$ 123,348	\$ -	\$ 123,348
Proportionate share of the net			
OPEB asset	\$ -	\$ (62,134)	\$ (62,134)
OPEB expense	\$ 18,531	\$ (8,389)	\$ 10,142

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2025, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 2,701	\$ 2,701
Net difference between projected and actual earnings on OPEB plan investments	602	-	602
Changes of assumptions	52,943	7,646	60,589
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	61,389	3,728	65,117
Contributions subsequent to the measurement date	<u>8,332</u>	<u>-</u>	<u>8,332</u>
Total deferred outflows of resources	<u>\$ 123,266</u>	<u>\$ 14,075</u>	<u>\$ 137,341</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 132,999	\$ 6,697	\$ 139,696
Net difference between projected and actual earnings on OPEB plan investments	-	2,668	2,668
Changes of assumptions	56,661	28,019	84,680
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>7,109</u>	<u>347</u>	<u>7,456</u>
Total deferred inflows of resources	<u>\$ 196,769</u>	<u>\$ 37,731</u>	<u>\$ 234,500</u>

\$8,332 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/asset in the fiscal year ending June 30, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (22,202)	\$ (8,911)	\$ (31,113)
2027	(18,466)	(3,737)	(22,203)
2028	(10,246)	(4,737)	(14,983)
2029	(7,765)	(4,444)	(12,209)
2030	(7,586)	(3,492)	(11,078)
Thereafter	<u>(15,570)</u>	<u>1,665</u>	<u>(13,905)</u>
Total	<u>\$ (81,835)</u>	<u>\$ (23,656)</u>	<u>\$ (105,491)</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023 are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary net position is projected to be depleted	2059	2048
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

In the prior measurement date, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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 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.

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net OPEB liability	\$ 164,480	\$ 123,348	\$ 90,663
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Academy's proportionate share of the net OPEB liability	\$ 83,379	\$ 123,348	\$ 175,884

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

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

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2024 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 50,519	\$ 62,134	\$ 72,241
	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 72,924	\$ 62,134	\$ 49,157

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS

The Academy's long-term obligations during the fiscal year consist of the following:

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due in One Year
Leases payable	\$ 33,405	\$ 64,656	\$ (28,211)	\$ 69,850	\$ 35,370
Net pension liability	1,347,410	-	(109,183)	1,238,227	-
Net OPEB liability	<u>185,683</u>	<u>-</u>	<u>(62,335)</u>	<u>123,348</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 1,566,498</u>	<u>\$ 64,656</u>	<u>\$ (199,729)</u>	<u>\$ 1,431,425</u>	<u>\$ 35,370</u>

Leases payable – The Academy has entered into lease agreements for the right to use equipment.

The Academy has entered into lease agreements for equipment at terms as follows:

Description	Lease Commencement Date	Years	Lease End Date	Payment Method
Copiers	2021	5	2026	Monthly
Bus Cameras	2022	5	2027	Monthly
Computers	2025	3	2028	Monthly

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2026	\$ 35,370	\$ 2,669	\$ 38,039
2027	26,840	128,987	155,827
2028	<u>7,640</u>	<u>80</u>	<u>7,720</u>
Total	<u>\$ 69,850</u>	<u>\$ 131,736</u>	<u>\$ 201,586</u>

See Note 6 for details on the net pension liability.

See Note 7 for details on the net OPEB liability.

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**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance 06/30/24	Additions	Deductions	Balance 06/30/25
Capital assets, being depreciated/amortized:				
Equipment	\$ 53,569	\$ -	\$ -	\$ 53,569
Vehicles	220,958	-	-	220,958
Intangible right to use - leased equipment	69,336	64,656	-	133,992
Total capital assets being depreciated/amortized	<u>343,863</u>	<u>64,656</u>	<u>-</u>	<u>408,519</u>
Less: accumulated depreciation/amortization				
Equipment	(28,050)	(2,686)	-	(30,736)
Vehicles	(187,450)	(16,754)	-	(204,204)
Intangible right to use - leased equipment	(37,834)	(28,398)	-	(66,232)
Total accumulated depreciation/amortization	<u>(253,334)</u>	<u>(47,838)</u>	<u>-</u>	<u>(301,172)</u>
Capital assets, net	<u>\$ 90,529</u>	<u>\$ 16,818</u>	<u>\$ -</u>	<u>\$ 107,347</u>

NOTE 10 - CONTRACTS

Sponsor Contract

The Academy entered into a sponsorship contract commencing on July 1, 2012 and ending on June 30, 2017 with North Central Ohio Educational Service Center. The sponsor contract with North Central Ohio Educational Service Center was amended and renewed during fiscal year 2017, fiscal year 2019, fiscal year 2021, fiscal year 2022, fiscal year 2023, fiscal year 2024, and fiscal year 2025. The term of the current contract goes through June 30, 2026.

The Sponsor shall carry out the responsibilities established by law, including:

- Provide technical assistance and monitor the Academy's compliance with all laws applicable to the Academy and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the Academy on at least an annual basis;
- Report on at least an annual basis the results of the evaluation conducted to the Ohio Department of Education and Workforce and to the parents/guardians of students enrolled in the Academy;
- Take steps to intervene in the Academy's operation to correct problems in the Academy's overall performance, declare the Academy to be on probationary status pursuant to Ohio Revised Code Section 3314.073, suspend operation of the Academy pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew the contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Develop a plan of action to be undertaken if the Academy experiences financial difficulties or closes prior to the end of the year;
- Evaluate the performance of the Academy according to standards set forth in the Assessment and Accountability Plan;

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 - CONTRACTS - (Continued)

- Support the Academy's establishment and operation as determined to be appropriate by the Sponsor at the Sponsor's sole discretion;
- Notify the Academy within five business days of complaints or correspondence from the Ohio Department of Education and Workforce concerning the Academy; and,
- Comply with the procedures for resolving disputes or differences of opinion between it and the Academy as set forth in the Governance and Administrative Plan.

NOTE 11 - PURCHASED SERVICES

For fiscal year 2025, purchased services expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	\$ 482,594
Property services	269,440
Communications	5,705
Utilities	33,187
Contracted services	<u>27,665</u>
Total	<u><u>\$ 818,591</u></u>

NOTE 12 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating school districts are limited to its representation on the Board. Financial information can be obtained by contacting NOECA, at 219 Howard Drive, Sandusky, Ohio 44870.

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REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
ACADEMY PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

Fiscal Year (1)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.011883800%	\$ 607,927	\$ 498,029	122.07%	78.52%
2024	0.011125200%	614,722	441,364	139.28%	76.06%
2023	0.010202100%	551,809	367,586	150.12%	75.82%
2022	0.008626100%	318,278	303,150	104.99%	82.86%
2021	0.008286300%	548,073	251,364	218.04%	68.55%
2020	0.009416000%	563,376	358,037	157.35%	70.85%
2019	0.005455500%	312,447	178,807	174.74%	71.36%
2018	0.003475200%	207,636	116,007	178.99%	69.50%
2017	0.001817700%	133,039	56,450	235.68%	62.98%
2016	0.001835000%	104,707	55,243	189.54%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 70,772	\$ (70,772)	\$ -	\$ 505,514	14.00%
2024	69,724	(69,724)	-	498,029	14.00%
2023	61,791	(61,791)	-	441,364	14.00%
2022	51,462	(51,462)	-	367,586	14.00%
2021	42,441	(42,441)	-	303,150	14.00%
2020	35,191	(35,191)	-	251,364	14.00%
2019	48,335	(48,335)	-	358,037	13.50%
2018	24,139	(24,139)	-	178,807	13.50%
2017	16,241	(16,241)	-	120,304	13.50%
2016	7,903	(7,903)	-	56,450	14.00%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
ACADEMY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

Fiscal Year (1)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.003275710%	\$ 630,300	\$ 457,836	137.67%	82.55%
2024	0.003402320%	732,688	459,543	159.44%	80.02%
2023	0.004030660%	896,020	456,429	196.31%	78.88%
2022	0.003998173%	511,202	560,929	91.13%	87.78%
2021	0.003062520%	741,021	292,414	253.42%	75.48%
2020	0.003768080%	833,288	395,464	210.71%	77.40%
2019	0.003626790%	797,450	484,300	164.66%	77.31%
2018	0.002681070%	636,894	331,629	192.05%	75.30%
2017	0.002292990%	767,533	238,921	321.25%	66.80%
2016	0.002356340%	651,223	245,843	264.89%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 53,872	\$ (53,872)	\$ -	\$ 384,800	14.00%
2024	64,097	(64,097)	-	457,836	14.00%
2023	64,336	(64,336)	-	459,543	14.00%
2022	63,900	(63,900)	-	456,429	14.00%
2021	78,530	(78,530)	-	560,929	14.00%
2020	40,938	(40,938)	-	292,414	14.00%
2019	55,365	(55,365)	-	395,464	14.00%
2018	67,802	(67,802)	-	484,300	14.00%
2017	46,428	(46,428)	-	331,629	14.00%
2016	33,449	(33,449)	-	238,921	14.00%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
ACADEMY OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	Academy's Proportion of the Net OPEB Liability	Academy's Proportionate Share of the Net OPEB Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.012110800%	\$ 123,348	\$ 498,029	24.77%	44.50%
2024	0.011271000%	185,683	441,364	42.07%	30.02%
2023	0.010443300%	146,625	367,586	39.89%	30.34%
2022	0.008936400%	169,129	303,150	55.79%	24.08%
2021	0.008680000%	188,645	251,364	75.05%	18.17%
2020	0.009678800%	243,401	358,037	67.98%	15.57%
2019	0.005538800%	153,661	178,807	85.94%	13.57%
2018	0.003536200%	94,902	116,007	81.81%	12.46%
2017	0.002058820%	58,684	56,450	103.96%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 8,332	\$ (8,332)	\$ -	\$ 505,514	1.65%
2024	8,714	(8,714)	-	498,029	1.75%
2023	7,285	(7,285)	-	441,364	1.65%
2022	6,879	(6,879)	-	367,586	1.87%
2021	5,934	(5,934)	-	303,150	1.96%
2020	5,961	(5,961)	-	251,364	2.37%
2019	7,835	(7,835)	-	358,037	2.19%
2018	3,905	(3,905)	-	178,807	2.18%
2017	1,972	(1,972)	-	116,007	1.70%
2016		-	-	56,450	0.00%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
ACADEMY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	Academy's Proportion of the Net OPEB Liability/(Asset)	Academy's Proportionate Share of the Net OPEB Liability/(Asset)	Academy's Covered Payroll	Academy's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	0.003275710%	\$ (62,134)	\$ 457,836	13.57%	158.01%
2024	0.003402320%	(66,170)	459,543	14.40%	168.52%
2023	0.004030660%	(104,367)	456,429	22.87%	230.73%
2022	0.003998173%	(84,298)	560,929	15.03%	174.73%
2021	0.003062520%	(53,824)	292,414	18.41%	182.10%
2020	0.003768080%	(62,408)	395,464	15.78%	174.74%
2019	0.003626790%	(58,279)	484,300	12.03%	176.00%
2018	0.002681070%	104,605	311,629	33.57%	47.10%
2017	0.002292990%	122,630	238,921	51.33%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 384,800	0.00%
2024	-	-	-	457,836	0.00%
2023	-	-	-	459,543	0.00%
2022	-	-	-	456,429	0.00%
2021	-	-	-	560,929	0.00%
2020	-	-	-	292,414	0.00%
2019	-	-	-	395,464	0.00%
2018	-	-	-	484,300	0.00%
2017	-	-	-	331,629	0.00%
2016	-	-	-	238,921	0.00%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50% - 5.00% to a range of 5.375% - 4.75% and Pre-Medicare were changed from a range of 7.50% - 5.00% to a range of 7.25% - 4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375% - 4.75% to a range of 5.25% - 4.75% and Pre-Medicare were changed from a range of 7.25% - 4.75% to a range of 7.00% - 4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the non-Medicare subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)," (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)" and (b) decrease in health care cost trend rates from 6.00% - 11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate; and prescription drug Medicare from (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to - 6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from - 6.69% initial - 4.00% ultimate down to - 16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 16.18% initial - 4.00% ultimate to - 68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to - 5.47% initial - 3.94% ultimate.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from - 68.78% initial - 3.94% ultimate to - 10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to - 11.95% initial - 4.14% ultimate; and prescription drug Medicare from - 5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.
- For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 10.94% initial - 4.14% ultimate to - 112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from - 11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to - 15.14% initial - 3.94% ultimate.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, the Academy's net position increased \$42,425, from 2023's deficit of \$1,195,989 to a deficit of \$1,153,564.
- The Academy had operating revenues of \$1,503,397 and operating expenses of \$2,065,286 during fiscal year 2024. The Academy also recognized non-operating revenue of \$605,948 from Federal and State grants and entitlements and interest and fiscal charges of \$1,634 during the year.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy Financial Activities

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

These documents look at all financial transactions and ask the question, "How did the Academy perform financially during 2024?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting, similar to accounting used by most private-sector companies. This basis of accounting takes into account all current year revenues and expenses regardless of when cash is received or paid.

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

The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its operations.

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

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

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

	Net Position	
	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current assets	\$ 216,534	\$ 171,260
Non-current assets	<u>156,699</u>	<u>203,791</u>
Total assets	<u>373,233</u>	<u>375,051</u>
<u>Deferred outflows</u>	<u>577,666</u>	<u>651,121</u>
<u>Liabilities</u>		
Current liabilities	138,747	157,806
Long-term liabilities:		
Due in more than one year	18,949	33,405
Net pension liability	1,347,410	1,447,829
Net OPEB liability	<u>185,683</u>	<u>146,625</u>
Total liabilities	<u>1,690,789</u>	<u>1,785,665</u>
<u>Deferred inflows</u>	<u>413,674</u>	<u>436,496</u>
<u>Net Position</u>		
Net investment in capital assets	57,124	32,633
Restricted	114,800	55,838
Unrestricted (deficit)	<u>(1,325,488)</u>	<u>(1,284,460)</u>
Total net position (deficit)	<u>\$ (1,153,564)</u>	<u>\$ (1,195,989)</u>

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2024, 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.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position.

At June 30, 2024, capital assets represented 24.26% of total assets. Capital assets are used to provide services to students and are not available for future spending. Capital assets consist of equipment, vehicles and intangible right to use assets.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources were comparable to fiscal year 2023.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Change in Net Position

	2024	2023
<u>Operating Revenues:</u>		
Foundation revenue	\$ 1,483,431	\$ 1,061,761
Other	19,966	6,969
Total operating revenue	<u>1,503,397</u>	<u>1,068,730</u>
<u>Operating Expenses:</u>		
Salaries and wages	931,089	886,800
Fringe benefits	272,887	308,767
Purchased services	728,538	554,456
Materials and supplies	94,655	79,715
Other	2,360	4,475
Depreciation/amortization	<u>35,757</u>	<u>46,667</u>
Total operating expenses	<u>2,065,286</u>	<u>1,880,880</u>
<u>Non-Operating Revenues (Expenses):</u>		
Federal and State grants and contributions	605,948	685,392
Interest and fiscal charges	<u>(1,634)</u>	<u>(5,032)</u>
Total non-operating revenues (expenses)	<u>604,314</u>	<u>680,360</u>
Change in net position	42,425	(131,790)
Net position (deficit) at beginning of year	<u>(1,195,989)</u>	<u>(1,064,199)</u>
Net position (deficit) at end of year	<u>\$ (1,153,564)</u>	<u>\$ (1,195,989)</u>

The revenue generated by community schools such as the Academy is heavily dependent upon the per-pupil allotment determined by the State foundation program and federal entitlement programs. Foundation payments amounted to 70.33% of total revenues received during fiscal year 2024.

Overall, operating revenues increased \$434,667 or 40.67%. This increase is primarily the result of an increase in Foundation revenue during fiscal year 2024.

Overall, operating expenses increased \$184,406 or 9.80%. This increase is primarily the result of an increase in salaries and wages expense and purchased services.

Debt Administration

At June 30, 2024 the Academy had long-term obligations which included leases payable of \$33,405. Of this amount \$14,456 is due within one year and \$18,949 due in more than one year. See Note 8 in the notes to the basic financial statements for further detail relating to the Academy's long-term obligations.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Capital Assets

At June 30, 2024, the Academy had \$90,529 in capital assets, net of accumulated depreciation/amortization. The Academy had \$35,757 in depreciation/amortization expense. The Academy had capital asset additions of \$26,862 during the year. The Academy's capital assets consist of equipment, vehicles and intangible right to use leased assets. See Note 9 in the notes to the basic financial statements for further detail relating to the Academy's capital assets.

Current Financial Related Activities

The Academy is reliant upon State Foundation monies and State Grants to offer quality educational services to students.

In order to continually provide learning opportunities to the Academy's students, Academy will apply resources to best meet the needs of its students. It is the intent of Academy to apply for other State funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide a general overview of the Academy for Educational Excellence's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Todd Johnson, Treasurer of the Academy, 728 Parkside Boulevard, Toledo, Ohio 43607.

BASIC
FINANCIAL STATEMENTS

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2024

Assets:

Current assets:

Equity in pooled cash and cash equivalents	\$ 131,135
Receivables:	
Intergovernmental	85,399

Total current assets	216,534
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Non-current assets:

Net OPEB asset	66,170
Capital assets being depreciated/amortized, net	90,529

Total non-current assets	156,699
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Total assets	373,233
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Deferred outflows of resources:

Pension	400,104
OPEB	177,562

Total deferred outflows of resources	577,666
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Liabilities:

Current liabilities:

Accounts payable	28,971
Accrued wages and benefits	74,580
Pension and postemployment benefits payable	19,601
Intergovernmental payable	1,081
Accrued interest payable	58
Long-term liabilities due in one year	14,456

Total current liabilities	138,747
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Non-current liabilities:

Long-term liabilities due in more than one year	18,949
Net pension liability	1,347,410
Net OPEB liability	185,683

Total non-current liabilities	1,552,042
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Total liabilities	1,690,789
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Deferred inflows of resources:

Pension	199,062
OPEB	214,612

Total deferred inflows of resources	413,674
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Net position:

Net investment in capital assets	57,124
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Restricted for:

Locally funded programs	500
OPEB	66,170
Food service operations	48,130

Unrestricted (deficit)	(1,325,488)
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Total net position (deficit)	\$ (1,153,564)
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating revenues:	
Foundation revenue	\$ 1,483,431
Other	19,966
Total operating revenues	<u>1,503,397</u>
Operating expenses:	
Salaries and wages	931,089
Fringe benefits	272,887
Purchased services	728,538
Materials and supplies	94,655
Other	2,360
Depreciation/amortization	35,757
Total operating expenses	<u>2,065,286</u>
Operating loss	<u>(561,889)</u>
Non-operating revenues (expenses):	
Federal and State grants and contributions	605,948
Interest and fiscal charges	(1,634)
Total non-operating revenues (expenses)	<u>604,314</u>
Change in net position	42,425
Net position (deficit) at beginning of year	<u>(1,195,989)</u>
Net position (deficit) at end of year	<u><u>\$ (1,153,564)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Cash flows from operating activities:	
Cash received from State foundation	\$ 1,480,646
Cash received from other operations	19,966
Cash payments for salaries and wages	(943,742)
Cash payments for fringe benefits	(239,466)
Cash payments for contractual services	(722,203)
Cash payments for materials and supplies	(93,388)
Cash payments for other expenses	(2,360)
Net cash used in operating activities	(500,547)
Cash flows from noncapital financing activities:	
Federal and State grants and contributions	636,254
Net cash provided by noncapital financing activities	636,254
Cash flows from capital and related financing activities:	
Interest and fiscal charges	(2,357)
Principal retirement on leases payable	(13,753)
Principal retirement on notes payable	(19,633)
Acquisition of capital assets	(26,862)
Net cash used in capital and related financing activities	(62,605)
Net increase in cash and cash equivalents	73,102
Cash and cash equivalents at beginning of year	58,033
Cash and cash equivalents at end of year	\$ 131,135
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (561,889)
Adjustments:	
Depreciation/amortization	35,757
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Intergovernmental receivable	(2,785)
Prepayments	307
Accounts payable	13,328
Accrued wages and benefits	(12,653)
Intergovernmental payable	(184)
Pension and postemployment benefits payable	103
Net pension liability	(100,419)
Net OPEB asset	38,197
Net OPEB liability	39,058
Deferred outflows - pensions	95,905
Deferred outflows - OPEB	(22,450)
Deferred inflows - pensions	23,505
Deferred inflows - OPEB	(46,327)
Net cash used in operating activities	\$ (500,547)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE ACADEMY

The Ann Jerkins-Harris Academy of Excellence (the “Academy”) is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to serve students in grades Kindergarten through 3 and ages 5 through 9. The Academy focuses on literacy and technology. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s tax-exempt status. The Academy is nonsectarian in its programs, admission policies, employment practices and all other operations.

The Academy was approved for sponsorship under contract resolution on March 15, 2012 with North Central Ohio Educational Service Center (the “Sponsor”) for a period of five years commencing on July 1, 2012. The sponsor contract was amended and renewed during fiscal year 2017. The term of this contract began on July 1, 2017 and ended on June 30, 2019. The contract was amended and renewed through June 30, 2022. The contract was amended to include one additional year, from July 1, 2022 through June 30, 2023, amended again to include one additional year, from July 1, 2023 through June 30, 2024, and amended again to include one additional year, from July 1, 2024 through June 30, 2025. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a five-member Governing Board. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy’s one instructional/support facility staffed by 17 non-certified and 8 certified teaching personnel who provide services to 133 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Academy’s basic financial statements consists of a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

The Academy uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus and Basis of Accounting

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for reporting purposes. 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 received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

C. Budgetary Process

Unlike traditional public Schools located in the State of Ohio, community academies are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed Academy budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705. The Academy is required to submit a five-year budget forecast with the Ohio Department of Education and Workforce, c/o Superintendent of Public Instruction.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Notes 6 and 7 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 6 and 7 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

E. Cash and Cash Equivalents

All cash received by the Academy is maintained in demand deposit accounts. The Academy did not have any investments during fiscal year 2024.

F. Capital Assets and Depreciation/Amortization

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of \$1,500. 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. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

<u>Description</u>	<u>Estimated Life</u>
Equipment	5 - 10 years
Vehicles	5 - 7 years
Intangible leased assets	5 years

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

G. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, which includes Economic Disadvantaged Funding and Limited English Proficiency Funding, which are reflected under “foundation revenue” on the statement of revenues, expenses and changes in net position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

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.

H. Operating Revenues and Expenses

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

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

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

J. Use of Estimates

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

K. Prepayments

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2024, the Academy has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the Academy.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Academy.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Academy.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS

At June 30, 2024, the carrying amount of all Academy deposits was \$131,135. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2024, the Academy's bank balance was \$160,829, of which all was covered by the Federal Deposit Insurance Corporation (FDIC). None of the Academy's bank balance was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Academy has no deposit policy for custodial credit risk.

The Academy had no investments.

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

NOTE 5 - 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 2024, the Academy contracted with Cincinnati Insurance Company for general liability and property insurance and professional liability, and auto.

Coverage is as follows:

Commercial General Liability per occurrence	\$ 1,000,000
Commercial General Liability aggregate	2,000,000
Fire Damage Limit, Any One Fire	500,000
Personal and Advertising Injury Limit	1,000,000
Property Damage	100,000
School and Educators Liability	3,000,000
Business Automobile	1,000,000

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

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.

NOTE 6 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The 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/OPEB liability (asset) represent the Academy's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 7 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the Academy is required to contribute 14.00% 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 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$69,724 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 (CO) 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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (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. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The Academy's contractually required contribution to STRS was \$64,097 for fiscal year 2024. Of this amount, \$446 is reported as pension and postemployment benefits payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.010202100%	0.004030660%	
Proportion of the net pension liability current measurement date	<u>0.011125200%</u>	<u>0.003402320%</u>	
Change in proportionate share	<u>0.000923100%</u>	<u>-0.000628340%</u>	
Proportionate share of the net pension liability	\$ 614,722	\$ 732,688	\$ 1,347,410
Pension expense	\$ 105,492	\$ 47,320	\$ 152,812

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 26,422	\$ 26,713	\$ 53,135
Changes of assumptions	4,354	60,342	64,696
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	64,209	84,243	148,452
Contributions subsequent to the measurement date	<u>69,724</u>	<u>64,097</u>	<u>133,821</u>
Total deferred outflows of resources	<u>\$ 164,709</u>	<u>\$ 235,395</u>	<u>\$ 400,104</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 1,624	\$ 1,624
Net difference between projected and actual earnings on pension plan investments	8,642	2,195	10,837
Changes of assumptions	-	45,419	45,419
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>141,182</u>	<u>141,182</u>
Total deferred inflows of resources	<u>\$ 8,642</u>	<u>\$ 190,420</u>	<u>\$ 199,062</u>

\$133,821 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ 46,422	\$ (24,131)	\$ 22,291
2026	(9,745)	(10,854)	(20,599)
2027	49,208	46,286	95,494
2028	<u>458</u>	<u>(30,423)</u>	<u>(29,965)</u>
Total	<u>\$ 86,343</u>	<u>\$ (19,122)</u>	<u>\$ 67,221</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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:

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

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	\$ 907,302	\$ 614,722	\$ 368,284

Actuarial Assumptions - STRS

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

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	\$ 1,126,711	\$ 732,688	\$ 399,451

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 6 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Academy's surcharge obligation was \$8,714.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was \$8,714 for fiscal year 2024. Of this amount, \$8,714 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

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% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.010443300%	0.004030660%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.011271000%</u>	<u>0.003402320%</u>	
Change in proportionate share	<u>0.000827700%</u>	<u>-0.000628340%</u>	
Proportionate share of the net OPEB liability	\$ 185,683	\$ -	\$ 185,683
Proportionate share of the net OPEB asset	\$ -	\$ (66,170)	\$ (66,170)
OPEB expense	\$ 10,508	\$ 6,684	\$ 17,192

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 390	\$ 104	\$ 494
Net difference between projected and actual earnings on OPEB plan investments	1,437	120	1,557
Changes of assumptions	62,783	9,750	72,533
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	86,057	8,207	94,264
Contributions subsequent to the measurement date	<u>8,714</u>	<u>-</u>	<u>8,714</u>
Total deferred outflows of resources	<u>\$ 159,381</u>	<u>\$ 18,181</u>	<u>\$ 177,562</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 95,763	\$ 10,091	\$ 105,854
Changes of assumptions	52,738	43,656	96,394
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	11,849	515	12,364
Total deferred inflows of resources	<u>\$ 160,350</u>	<u>\$ 54,262</u>	<u>\$ 214,612</u>

\$8,714 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/asset in the fiscal year ending June 30, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ (2,299)	\$ (13,446)	\$ (15,745)
2026	(12,110)	(8,583)	(20,693)
2027	(9,099)	(3,199)	(12,298)
2028	(1,315)	(4,249)	(5,564)
2029	955	(3,941)	(2,986)
Thereafter	14,185	(2,663)	11,522
Total	<u>\$ (9,683)</u>	<u>\$ (36,081)</u>	<u>\$ (45,764)</u>

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.

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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.86%
Prior measurement date	3.69%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.27%
Prior measurement date	4.08%
Medical trend assumption:	
Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net OPEB liability	\$ 237,357	\$ 185,683	\$ 144,937

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	\$ 136,415	\$ 185,683	\$ 250,971

Actuarial Assumptions - STRS

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

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%
Discount rate of return	7.00%	7.00%
Blended discount rate of return	N/A	N/A
Health care cost trends		
	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	4.14%
Medicare	-10.94%	4.14%
Prescription Drug		
Pre-Medicare	-11.95%	4.14%
Medicare	1.33%	4.14%

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 56,005	\$ 66,170	\$ 75,024
	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 75,435	\$ 66,170	\$ 55,012

NOTE 8 - LONG-TERM OBLIGATIONS

The Academy's long-term obligations during the fiscal year consist of the following:

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due in One Year
Leases payable	\$ 47,158	\$ -	\$ (13,753)	\$ 33,405	\$ 14,456
Notes payable - financed purchase	19,633	-	(19,633)	-	-
Net pension liability	1,447,829	62,913	(163,332)	1,347,410	-
Net OPEB liability	146,625	39,058	-	185,683	-
Total Long-Term Obligations	<u>\$ 1,661,245</u>	<u>\$ 101,971</u>	<u>\$ (196,718)</u>	<u>\$ 1,566,498</u>	<u>\$ 14,456</u>

Leases payable – The Academy has entered into lease agreements for the right to use equipment.

The Academy has entered into lease agreements for equipment at terms as follows:

Description	Lease Commencement Date	Years	Lease End Date	Payment Method
Copiers	2021	5	2026	Monthly
Bus Cameras	2022	5	2027	Monthly

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 14,456	\$ 1,342	\$ 15,798
2026	14,279	603	14,882
2027	4,670	128	4,798
Total	<u>\$ 33,405</u>	<u>\$ 2,073</u>	<u>\$ 35,478</u>

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LUCAS COUNTY, OHIO**

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

NOTE 8 - LONG-TERM OBLIGATIONS – (Continued)

Notes Payable – Financed Purchase – During a prior fiscal year, the Academy has entered into a financed purchase agreement for buses. Capital assets acquired by the financed purchase agreement have been originally capitalized in the amount of \$170,008, which represents the present value of the future minimum payments at the time of acquisition. Principal and interest payments in the 2024 fiscal year totaled \$19,633 and \$370, respectively.

See Note 6 for details on the net pension liability.

See Note 7 for details on the net OPEB liability.

NOTE 9 - CAPITAL ASSETS

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

	Balance 06/30/23	Additions	Deductions	Balance 06/30/24
Capital assets, being depreciated/amortized:				
Equipment	\$ 26,707	\$ 26,862	\$ -	\$ 53,569
Vehicles	220,958	-	-	220,958
Intangible right to use - leased equipment	69,336	-	-	69,336
Total capital assets being depreciated/amortized	<u>317,001</u>	<u>26,862</u>	<u>-</u>	<u>343,863</u>
Less: accumulated depreciation/amortization				
Equipment	(26,707)	(1,343)	-	(28,050)
Vehicles	(167,066)	(20,384)	-	(187,450)
Intangible right to use - leased equipment	(23,804)	(14,030)	-	(37,834)
Total accumulated depreciation/amortization	<u>(217,577)</u>	<u>(35,757)</u>	<u>-</u>	<u>(253,334)</u>
Capital assets, net	<u>\$ 99,424</u>	<u>\$ (8,895)</u>	<u>\$ -</u>	<u>\$ 90,529</u>

NOTE 10 - CONTRACTS

Sponsor Contract

The Academy entered into a sponsorship contract commencing on July 1, 2012 and ending on June 30, 2017 with North Central Ohio Educational Service Center. The sponsor contract with North Central Ohio Educational Service Center was amended and renewed during fiscal year 2017, fiscal year 2019, fiscal year 2021, fiscal year 2022, fiscal year 2023 and fiscal year 2024. The term of the current contract goes through June 30, 2025.

The Sponsor shall carry out the responsibilities established by law, including:

- Provide technical assistance and monitor the Academy's compliance with all laws applicable to the Academy and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the Academy on at least an annual basis;
- Report on at least an annual basis the results of the evaluation conducted to the Ohio Department of Education and Workforce and to the parents/guardians of students enrolled in the Academy;

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

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

NOTE 10 - CONTRACTS - (Continued)

- Take steps to intervene in the Academy's operation to correct problems in the Academy's overall performance, declare the Academy to be on probationary status pursuant to Ohio Revised Code Section 3314.073, suspend operation of the Academy pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew the contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Develop a plan of action to be undertaken if the Academy experiences financial difficulties or closes prior to the end of the year;
- Evaluate the performance of the Academy according to standards set forth in the Assessment and Accountability Plan;
- Support the Academy's establishment and operation as determined to be appropriate by the Sponsor at the Sponsor's sole discretion;
- Notify the Academy within five business days of complaints or correspondence from the Ohio Department of Education and Workforce concerning the Academy; and,
- Comply with the procedures for resolving disputes or differences of opinion between it and the Academy as set forth in the Governance and Administrative Plan.

NOTE 11 - PURCHASED SERVICES

For fiscal year 2024, purchased services expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	\$ 353,909
Property services	273,390
Travel/meetings	148
Communications	10,879
Utilities	35,782
Contracted services	53,239
Pupil transportation services	<u>1,191</u>
Total	<u>\$ 728,538</u>

NOTE 12 - CONTINGENCIES

A. Grants

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

B. Litigation

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

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

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

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating school districts are limited to its representation on the Board. Financial information can be obtained by contacting NOECA, at 219 Howard Drive, Sandusky, Ohio 44870.

REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
ACADEMY PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

Fiscal Year (1)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.011125200%	\$ 614,722	\$ 441,364	139.28%	76.06%
2023	0.010202100%	551,809	367,586	150.12%	75.82%
2022	0.008626100%	318,278	303,150	104.99%	82.86%
2021	0.008286300%	548,073	251,364	218.04%	68.55%
2020	0.009416000%	563,376	358,037	157.35%	70.85%
2019	0.005455500%	312,447	178,807	174.74%	71.36%
2018	0.003475200%	207,636	116,007	178.99%	69.50%
2017	0.001817700%	133,039	56,450	235.68%	62.98%
2016	0.001835000%	104,707	55,243	189.54%	69.16%
2015	0.001842000%	93,223	53,521	174.18%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 69,724	\$ (69,724)	\$ -	\$ 498,029	14.00%
2023	61,791	(61,791)	-	441,364	14.00%
2022	51,462	(51,462)	-	367,586	14.00%
2021	42,441	(42,441)	-	303,150	14.00%
2020	35,191	(35,191)	-	251,364	14.00%
2019	48,335	(48,335)	-	358,037	13.50%
2018	24,139	(24,139)	-	178,807	13.50%
2017	16,241	(16,241)	-	120,304	13.50%
2016	7,903	(7,903)	-	56,450	14.00%
2015	7,281	(7,281)	-	52,007	14.00%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
ACADEMY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

Fiscal Year (1)	Academy's Proportion of the Net Pension Liability	Academy's Proportionate Share of the Net Pension Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.003402320%	\$ 732,688	\$ 459,543	159.44%	80.02%
2023	0.004030660%	896,020	456,429	196.31%	78.88%
2022	0.003998173%	511,202	560,929	91.13%	87.78%
2021	0.003062520%	741,021	292,414	253.42%	75.48%
2020	0.003768080%	833,288	395,464	210.71%	77.40%
2019	0.003626790%	797,450	484,300	164.66%	77.31%
2018	0.002681070%	636,894	331,629	192.05%	75.30%
2017	0.002292990%	767,533	238,921	321.25%	66.80%
2016	0.002356340%	651,223	245,843	264.89%	72.10%
2015	0.001905180%	463,406	194,654	238.07%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 64,097	\$ (64,097)	\$ -	\$ 457,836	14.00%
2023	64,336	(64,336)	-	459,543	14.00%
2022	63,900	(63,900)	-	456,429	14.00%
2021	78,530	(78,530)	-	560,929	14.00%
2020	40,938	(40,938)	-	292,414	14.00%
2019	55,365	(55,365)	-	395,464	14.00%
2018	67,802	(67,802)	-	484,300	14.00%
2017	46,428	(46,428)	-	331,629	14.00%
2016	33,449	(33,449)	-	238,921	14.00%
2015	34,418	(34,418)	-	245,843	14.00%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
ACADEMY OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	Academy's Proportion of the Net OPEB Liability	Academy's Proportionate Share of the Net OPEB Liability	Academy's Covered Payroll	Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.011271000%	\$ 185,683	\$ 441,364	42.07%	30.02%
2023	0.010443300%	146,625	367,586	39.89%	30.34%
2022	0.008936400%	169,129	303,150	55.79%	24.08%
2021	0.008680000%	188,645	251,364	75.05%	18.17%
2020	0.009678800%	243,401	358,037	67.98%	15.57%
2019	0.005538800%	153,661	178,807	85.94%	13.57%
2018	0.003536200%	94,902	116,007	81.81%	12.46%
2017	0.002058820%	58,684	56,450	103.96%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 8,714	\$ (8,714)	\$ -	\$ 498,029	1.75%
2023	7,285	(7,285)	-	441,364	1.65%
2022	6,879	(6,879)	-	367,586	1.87%
2021	5,934	(5,934)	-	303,150	1.96%
2020	5,961	(5,961)	-	251,364	2.37%
2019	7,835	(7,835)	-	358,037	2.19%
2018	3,905	(3,905)	-	178,807	2.18%
2017	1,972	(1,972)	-	116,007	1.70%
2016		-	-	56,450	0.00%
2015	453	(453)	-	55,243	0.82%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
ACADEMY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	Academy's Proportion of the Net OPEB Liability/(Asset)	Academy's Proportionate Share of the Net OPEB Liability/(Asset)	Academy's Covered Payroll	Academy's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.003402320%	\$ (66,170)	\$ 459,543	14.40%	168.52%
2023	0.004030660%	(104,367)	456,429	22.87%	230.73%
2022	0.003998173%	(84,298)	560,929	15.03%	174.73%
2021	0.003062520%	(53,824)	292,414	18.41%	182.10%
2020	0.003768080%	(62,408)	395,464	15.78%	174.74%
2019	0.003626790%	(58,279)	484,300	12.03%	176.00%
2018	0.002681070%	104,605	311,629	33.57%	47.10%
2017	0.002292990%	122,630	238,921	51.33%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Academy's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 457,836	0.00%
2023	-	-	-	459,543	0.00%
2022	-	-	-	456,429	0.00%
2021	-	-	-	560,929	0.00%
2020	-	-	-	292,414	0.00%
2019	-	-	-	395,464	0.00%
2018	-	-	-	484,300	0.00%
2017	-	-	-	331,629	0.00%
2016	-	-	-	238,921	0.00%
2015	-	-	-	245,843	0.00%

(1) Amounts presented for each fiscal year were determined as of the Academy's measurement date which is the prior year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Ann Jerkins-Harris Academy of Excellence
Lucas County
728 Parkside Blvd.
Toledo, Ohio 43607

To the Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ann Jerkins-Harris Academy of Excellence, Lucas County, Ohio, as of and for the fiscal years ended June 30, 2025 and June 30, 2024, and the related notes to the financial statements, which collectively comprise Ann Jerkins-Harris Academy of Excellence's basic financial statements, and have issued our report thereon dated April 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ann Jerkins-Harris Academy of Excellence's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ann Jerkins-Harris Academy of Excellence's internal control. Accordingly, we do not express an opinion on the effectiveness of Ann Jerkins-Harris Academy of Excellence's internal control.

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

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

Ann Jerkins-Harris Academy of Excellence

Lucas County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

April 22, 2026

OHIO AUDITOR OF STATE KEITH FABER



ANN JERKINS-HARRIS ACADEMY OF EXCELLENCE

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/11/2026

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

This report is a matter of public record and is available online at
www.ohioauditor.gov