OHIO AUDITOR OF STATE
KEITH FABER

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY
JUNE 30, 2024

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Richard Allen Preparatory
Montgomery County
627 Salem Avenue
Dayton, Ohio 45406

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Richard Allen Preparatory, Montgomery County, Ohio (the Preparatory), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Preparatory's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Richard Allen Preparatory, Montgomery County, Ohio as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Preparatory'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Preparatory's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Preparatory'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 liabilities and pension and other post-employment benefit contributions 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Preparatory's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2025, on our consideration of the Preparatory's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Preparatory's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Preparatory's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

November 13, 2025

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RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

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

Financial Highlights

Key financial highlights for 2024 are as follows:

- In total, net position was a deficit of $934,406 at June 30, 2024.

- The Preparatory had operating revenues of $5,077,960, operating expenses of $7,698,488, non-operating revenues of $3,748,649 and non-operating expenses of $90,393 for fiscal year 2024.

Using these Basic Financial Statements

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

Reporting the Preparatory's Financial Activities

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

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

These two statements report the Preparatory's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Preparatory as a whole, the *financial position* of the Preparatory 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 Preparatory 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 basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Preparatory's net pension liability and net OPEB liability/asset.

The table below provides a summary of the Preparatory's net position for fiscal year 2024 and 2023.

Net Position

	2024	2023
Assets		
Current assets	$ 2,034,999	$ 1,368,009
Non-current assets	2,246,668	2,281,003
Total assets	4,281,667	3,649,012
Deferred outflows of resources	1,705,419	1,758,200
Liabilities		
Current liabilities	588,360	648,443
Non-current liabilities	5,615,357	5,820,996
Total liabilities	6,203,717	6,469,439
Deferred inflows of resources	717,775	909,907
Net Position		
Investment in capital assets	709,827	179,291
Restricted	387,209	76,334
Unrestricted (deficit)	(2,031,442)	(2,227,759)
Total net position (deficit)	$ (934,406)	$ (1,972,134)

The net pension liability (NPL) is the largest single liability reported by the Preparatory at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The Preparatory 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 Preparatory's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024 and 2023, the Preparatory's net position totaled deficits of $934,406 and $1,972,134, respectively.

Current and non-current assets represent cash, net OPEB asset, accounts receivables, intergovernmental receivables, prepayments, and capital assets. Current liabilities represent accounts payable, contracts payable, accrued wages and benefits, accrued interest payable, intergovernmental payables for professional services and lease obligations due within one year.

Long-term liabilities outstanding at June 30, 2024 represent the net pension liability (see Note 8 for detail), the net OPEB liability (see Note 9 for detail) and lease obligations. Refer to Note 14 for a summary of the changes in the Preparatory's long-term obligations during fiscal year 2024.

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

Change in Net Position

	2024	2023
Operating Revenues:		
State foundation	$ 3,818,236	$ 3,517,644
Services provided to other entities	809,011	900,336
Casino aid	28,688	27,248
Facilities funding	422,025	215,378
Total operating revenue	5,077,960	4,660,606
Operating Expenses:		
Salaries	3,604,963	3,376,941
Benefits	1,205,061	1,020,219
Purchased services	1,958,539	1,438,812
Materials and supplies	381,798	222,932
Change in pension and OPEB obligations	254,804	119,582
Other	62,868	9,885
Depreciation/amortization	230,455	178,637
Total operating expenses	7,698,488	6,367,008
Non-operating Revenues (Expenses):		
Federal and state grants	3,625,649	1,881,191
Other non-operating revenue	10,646	25,773
Gain on lease termination	35,568	-
Interest and fiscal charges	(90,393)	(83,350)
Interest revenue	76,786	-
Total non-operating revenues	3,658,256	1,823,614
Change in net position	1,037,728	117,212
Net position (deficit) at beginning of year	(1,972,134)	(2,089,346)
Net position (deficit) at end of year	$ (934,406)	$ (1,972,134)

Overall, operating expenses increased $1,331,480. This increase is primarily the result of an increase in purchase service expenses in the current fiscal year.

The revenue generated by a community school is dependent on per-pupil allotment given by the state foundation, casino aid, facilities funding. The Preparatory also received federal grant monies through the Child Nutrition Breakfast & Lunch, Title I-A, Title II-A, Title IV-A, IDEA-B Special Education, IDEA Early Childhood Special Education, ARP ESSER, Stronger Connections and ARP Homeless Round II programs during fiscal year 2024. The Preparatory also received $1,302,668 from an employee retention credit grant in fiscal year 2024.

The Preparatory reports operating revenue for services provided to other entities, which is revenue received from the Richard Allen Academy for employee services.

Debt

The Preparatory had lease obligations in the amount of $1,152,136 at June 30, 2024, of which $70,953 is due within one year. See Note 14 for detail.

Capital Assets

The Preparatory had $1,923,794 in capital assets, net of depreciation/amortization, June 30, 2024. See Note 7 to the basic financial statements for detail.

Restrictions and Other Limitations

The future stability of the Preparatory is not without challenges. The Preparatory does not receive any funds from taxes. The primary source of funding is the State foundation program. An economic slowdown in the State could result in budgetary cuts to education, which would have a negative impact on the Preparatory.

Current Financial Related Activities

The Preparatory is reliant upon state foundation monies and federal and state grants to offer quality, educational services to students. In order to continually provide learning opportunities to the Preparatory's students, the Preparatory will apply resources to best meet the needs of its students.

Contacting the Preparatory's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Preparatory's finances and to show the Preparatory's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Todd Johnson, Treasurer, 118 W. First Street, Suite 620, Dayton, Ohio 45402.

BASIC
FINANCIAL STATEMENTS

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2024

Assets:	
Current assets:	
Cash	$ 1,715,246
Receivables:	
Accounts	170,624
Intergovernmental	148,137
Prepayments	992
Total current assets	2,034,999
Non-current assets:	
Net OPEB asset	322,874
Depreciable/amortized capital assets, net	1,923,794
Total non-current assets	2,246,668
Total assets	4,281,667
Deferred outflows of resources:	
Pension	1,446,520
OPEB	258,899
Total deferred outflows of resources	1,705,419
Liabilities:	
Current liabilities:	
Accounts payable	64,843
Contracts payable	61,831
Accrued wages and benefits	269,841
Intergovernmental payable	116,091
Accrued interest payable	4,801
Lease obligation	70,953
Total current liabilities	588,360
Non-current liabilities:	
Net pension liability	4,316,025
Net OPEB liability	218,149
Lease obligation	1,081,183
Total non-current liabilities	5,615,357
Total liabilities	6,203,717
Deferred inflows of resources:	
Pension	250,681
OPEB	467,094
Total deferred inflows of resources	717,775
Net position:	
Investment in capital assets	709,827
Restricted for:	
State programs	2,500
Federal programs	61,835
OPEB	322,874
Unrestricted (deficit)	(2,031,442)
Total net position (deficit)	$ (934,406)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

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

Operating revenues:	
State foundation	$ 3,818,236
Service provided to other entities	809,011
Casino aid	28,688
Facilities funding	422,025
Total operating revenues	5,077,960
Operating expenses:	
Salaries	3,604,963
Benefits	1,205,061
Purchased services	1,958,539
Materials and supplies	381,798
Change in pension and OPEB obligations	254,804
Depreciation/amortization	230,455
Other	62,868
Total operating expenses	7,698,488
Operating loss	(2,620,528)
Non-operating revenues (expenses):	
Federal and state grants and subsidies	3,625,649
Interest revenue	76,786
Gain on lease termination	35,568
Other non-operating revenue	10,646
Interest and fiscal charges	(90,393)
Total nonoperating revenues (expenses)	3,658,256
Change in net position	1,037,728
Net position (deficit) at beginning of year	(1,972,134)
Net position (deficit) at end of year	$ (934,406)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

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

Cash flows from operating activities:	
Cash received from State foundation	$ 3,820,811
Cash received from services provided to other entities. .	782,449
Cash received from casino aid.	28,688
Cash received from facilities funding	422,025
Cash payments for salaries.	(3,588,732)
Cash payments for benefits	(1,218,315)
Cash payments for purchased services	(1,918,016)
Cash payments for materials and supplies	(377,245)
Cash payments for other expenses	(65,246)
Net cash used in operating activities	(2,113,581)
Cash flows from noncapital financing activities:	
Cash received from federal and state grants and subsidies.	3,620,504
Cash received from miscellaneous receipts	10,646
Net cash provided by noncapital financing activities. . .	3,631,150
Cash flows from capital and related financing activities:	
Interest and fiscal charges	(92,701)
Principal retirement on debt obligations.	(240,128)
Acquisition of capital assets	(635,295)
Net cash used in capital and related financing activities. .	(968,124)
Cash flows from investing activities:	
Interest received	76,786
Net cash provided by investing activities	76,786
Net change in cash.	626,231
Cash at beginning of year	1,089,015
Cash at end of year	$ 1,715,246
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (2,620,528)
Adjustments:	
Depreciation/amortization	230,455
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
(Increase) in accounts receivable	(26,562)
(Increase) in intergovernmental receivable	(18,765)
(Increase) in prepayments	176
(Increase) in net OPEB asset.	72,659
(Increase) in deferred outflows - pension	124,686
(Increase) in deferred outflows - OPEB.	(71,905)
Increase in accounts payable	45,076
Increase in accrued wages and benefits payable	17,363
Increase in intergovernmental payable	4,400
Increase in net pension liability.	269,331
Increase in net OPEB liability	52,165
(Decrease) in deferred inflows - pension	(95,176)
Increase in deferred inflows - OPEB.	(96,956)
Net cash used in operating activities	$ (2,113,581)

Noncash transaction:

During fiscal year 2024, the Preparatory purchased a building that was previously being leased. As a result of the termination, a reduction of $463,915 to the lease liability and net reduction of $428,347 to capital assets, net ($545,169 net reduction in intangible right to use - leased buildings and $116,822 reduction in accumulated depreciation) was reported.

During fiscal year 2024, the Preparatory purchased capital assets on account in the amount of $61,831.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE ENTITY

Richard Allen Preparatory (the "Preparatory") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The Preparatory, which is part of the State's education program, is independent of any school district. The Preparatory may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Preparatory.

Effective August 1, 2017, the Preparatory entered into a multi-year Management Agreement (Agreement) with Educational Management and Development Group (EMDG). The Agreement's term runs through June 30, 2023, and automatically renews for additional one year terms unless one party notifies the other at least 60 days prior to the expiration of the then current term. EMDG is responsible and accountable to the Board of Directors for the administration and day-to-day operations. See Note 12 for additional detail on the contractual relationship between EMDG and the Preparatory. The Preparatory entered into a Sponsor Contract with the sponsor, St. Aloysius, commencing July 1, 2023 through June 30, 2030.

The Preparatory operates under a self-appointing five-member Board. The Preparatory's Code of Regulations specifies that vacancies that arise on the Board be filled by the appointment of a successor trustee by a majority vote of the then existing trustees. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Preparatory had an enrollment of 432 full-time equivalent (FTE) students for fiscal year 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Preparatory's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The Preparatory uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

B. Measurement Focus

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets plus deferred outflow of resources and all liabilities plus deferred inflow of resources associated with the operation of the Preparatory are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the Preparatory finances meet its cash flow needs.

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

C. Basis of Accounting

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The Preparatory's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which the Preparatory receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Preparatory must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Preparatory on a reimbursement basis. Expenses are recognized at the time they are incurred.

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/expenditure) until then. See Notes 8 and 9 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 8 and 9 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively.

E. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032I. However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Preparatory and its Sponsor. The contract between the Preparatory and the Sponsor does not prescribe an annual budget requirement, but sets forth a requirement to submit a spending plan each fiscal year. Furthermore, the Preparatory must submit a five-year forecast to its Sponsor annually.

F. Cash

Cash received by the Preparatory is reflected as "cash" on the statement of net position. All monies received by the Preparatory are maintained in demand deposit account and an investment account with STAR Ohio.

The Preparatory invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Preparatory measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

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

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Preparatory maintains a capitalization threshold of $5,000. The Preparatory does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation/amortization is computed using the straight-line method over estimated useful lives of 30 years for buildings, five years for leasehold improvements and vehicles, five to seven years for furniture and equipment, and 5-15 years for intangible right to use - leased buildings. Improvements to capital assets are depreciated/amortized over the remaining useful lives of the related capital assets.

H. Net Position

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

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

I. Operating Revenues and Expenses

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

J. Intergovernmental Revenues

The Preparatory currently participates in the State Foundation Program, and the State Special Education Program, which are reflected under "State Foundation", "Casino Aid", and "Facilities Funding" 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. Amounts awarded under these programs for the 2024 school year totaled $4,268,949.

Grants and entitlements 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 Preparatory must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Preparatory on a reimbursement basis.

The Preparatory participates in the Comprehensive Continuous Improvement Planning Program (CCIP) through the ODEW. Revenue received from this program is recognized as non-operating revenues. Amounts awarded under these programs for the 2024 school year totaled $2,322,981. In addition, Preparatory received $1,302,668 from an employee retention credit grant in fiscal year 2024.

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

K. Accrued Liabilities and Long-Term Obligations

The Preparatory has recognized certain liabilities on its statement of net position relating to expenses, which are due but unpaid as of June 30, 2024.

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.

M. Estimates

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

N. Prepayments

Payments made to vendors for services that will benefit beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase, and an expenditure/expense is reported in the year which services are consumed.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2024, the Preparatory 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 report by the Preparatory.

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 Preparatory.

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 Preparatory.

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 Preparatory.

NOTE 4 - DEPOSITS

A. Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of bank failure, the Preparatory's deposits may not be returned. The Preparatory does not have a deposit policy for custodial credit risk. At June 30, 2024, the carrying amount of the Preparatory's deposits was $553,460 and the bank balance was $577,310. Of the bank balance, $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and $327,310 was covered by the Ohio Pooled Collateral System (OPCS).

B. Investments

As of June 30, 2024, the Preparatory had the following investments and maturity:

		Investment Maturities
Investment type	Measurement Value	6 months or less
Amortized cost:		
STAR Ohio	$ 1,161,786	$ 1,161,786

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Preparatory's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Preparatory's investment policy does not specifically address credit risk beyond requiring the Preparatory to only invest in securities authorized by State Statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Preparatory will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Preparatory's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The Preparatory places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Preparatory at June 30, 2024:

Investment type	Measurement Value	% to Total
Amortized cost:		
STAR Ohio	$ 1,161,786	100.00

NOTE 5 - RECEIVABLES

At June 30, 2024, the Preparatory had $170,624 in accounts receivable and $148,137 in intergovernmental receivables. Accounts receivables consist of amounts due from the Richard Allen Academy for accrued payroll. Intergovernmental receivables consist of federal assistance (CCIP) which eligibility requirements have been met (earned), amounts due from ODEW and amounts due from the School Employees Retirement System (SERS).

NOTE 6 - PAYABLES

At June 30, 2024, the Preparatory had accounts payable, contracts payable, accrued wages and benefits, intergovernmental payables and accrued interest payable totaling $64,843, $61,831, $269,841, $116,091 and $4,801, respectively. Accounts payable includes amounts due to various vendors during the normal course of conducting operations. Accrued wages and benefits payable includes amounts due to employees for services for fiscal year 2024. The intergovernmental payable consists of amounts due to ODEW and amounts due to STRS and SERS.

NOTE 7 - CAPITAL ASSETS

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

	Balance 06/30/23	Additions	Reductions	Balance 06/30/24
Capital assets, being depreciated/amortized:				
Buildings and improvements/				
Leasehold improvements	$ 299,824	$ 590,755	$ -	$ 890,579
Furniture and equipment	69,179	106,371	-	175,550
Intangible right to use:				
Leased buildings	1,856,731	-	(545,169)	1,311,562
Total capital assets being depreciated/amortized	2,225,734	697,126	(545,169)	2,377,691
Less: accumulated depreciation/amortized				
Buildings and improvements/				
Leasehold improvements	(66,740)	(73,182)	-	(139,922)
Furniture and equipment	(18,768)	(13,065)	-	(31,833)
Intangible right to use:				
Leased buildings	(254,756)	(144,208)	116,822	(282,142)
Total accumulated depreciation/amortization	(340,264)	(230,455)	116,822	(453,897)
Capital assets, net	$ 1,885,470	$ 466,671	$ (428,347)	$ 1,923,794

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The net pension/OPEB liability (asset) represent the Preparatory'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 Preparatory's obligation for this liability to annually required payments. The Preparatory cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Preparatory does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

The remainder of this note includes the required pension disclosures. See Note 9 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 intergovernmental payable on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Preparatory'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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the Preparatory 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 Preparatory's contractually required contribution to SERS was $83,999 for fiscal year 2024. Of this amount, $14,177 is reported as intergovernmental payable.

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.

NOTE 8 - 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 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.

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 Preparatory's contractually required contribution to STRS was $341,719 for fiscal year 2024. Of this amount, $75,327 is reported as intergovernmental 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 Preparatory's proportion of the net pension liability was based on the Preparatory'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:

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.01203480%	0.01527548%	
Proportion of the net pension liability current measurement date	0.01340911%	0.01660140%	
Change in proportionate share	0.00137431%	0.00132592%	
Proportionate share of the net pension liability	$ 740,923	$ 3,575,102	$ 4,316,025
Pension expense	$ 172,676	$ 551,883	$ 724,559

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 31,846	$ 130,342	$ 162,188
Changes of assumptions	5,249	294,428	299,677
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	127,172	431,765	558,937
Contributions subsequent to the measurement date	83,999	341,719	425,718
Total deferred outflows of resources	$ 248,266	$ 1,198,254	$ 1,446,520

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 7,933	$ 7,933
Net difference between projected and actual earnings on pension plan investments	10,412	10,715	21,127
Changes of assumptions	-	221,621	221,621
Total deferred inflows of resources	$ 10,412	$ 240,269	$ 250,681

$425,718 reported as deferred outflows of resources related to pension resulting from Preparatory 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:

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	$ 96,970	$ 174,748	$ 271,718
2026	(6,586)	(3,192)	(9,778)
2027	62,918	409,493	472,411
2028	553	35,217	35,770
Total	$ 153,855	$ 616,266	$ 770,121

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)

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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	100.00 %	

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%.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the Preparatory'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.

	1% Decrease	Current Discount Rate	1% Increase
Preparatory's proportionate share of the net pension liability	$ 1,093,564	$ 740,923	$ 443,889

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:

NOTE 8 - 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	100.00 %	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and 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 Preparatory'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
Preparatory's proportionate share of the net pension liability	$ 5,497,716	$ 3,575,102	$ 1,949,097

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.

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Preparatory 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 Preparatory's surcharge obligation was $5,737.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Preparatory's contractually required contribution to SERS was $5,737 for fiscal year 2024. Of this amount, $5,737 is reported as intergovernmental 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.

NOTE 9 - 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 Preparatory's proportion of the net OPEB liability/asset was based on the Preparatory's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.01182211%	0.01527548%	
Proportion of the net OPEB liability/asset current measurement date	0.01324163%	0.01660141%	
Change in proportionate share	0.00141952%	0.00132593%	
Proportionate share of the net OPEB liability	$ 218,149	$ -	$ 218,149
Proportionate share of the net OPEB asset	$ -	$ (322,874)	$ (322,874)
OPEB expense	$ 790	$ (39,090)	$ (38,300)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 457	$ 503	$ 960
Net difference between projected and actual earnings on OPEB plan investments	1,690	581	2,271
Changes of assumptions	73,765	47,566	121,331
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	124,494	4,106	128,600
Contributions subsequent to the measurement date	5,737	-	5,737
Total deferred outflows of resources	$ 206,143	$ 52,756	$ 258,899

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 112,510	$ 49,248	$ 161,758
Changes of assumptions	61,955	213,029	274,984
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	7,072	23,280	30,352
Total deferred inflows of resources	$ 181,537	$ 285,557	$ 467,094

$5,737 reported as deferred outflows of resources related to OPEB resulting from Preparatory 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	$ (12,210)	$ (112,146)	$ (124,356)
2026	(11,125)	(42,479)	(53,604)
2027	1,369	(16,657)	(15,288)
2028	7,060	(23,135)	(16,075)
2029	7,290	(21,303)	(14,013)
Thereafter	26,485	(17,081)	9,404
Total	$ 18,869	$ (232,801)	$ (213,932)

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.

NOTE 9 - 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.

NOTE 9 - 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:

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

Discount Rate - The 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.

Sensitivity of the Preparatory'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%).

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Preparatory's proportionate share of the net OPEB liability	$ 278,856	$ 218,149	$ 170,278

	1% Decrease	Current Trend Rate	1% Increase
Preparatory's proportionate share of the net OPEB liability	$ 160,266	$ 218,149	$ 294,851

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	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

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.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	100.00 %	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and 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.

Sensitivity of the Preparatory'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.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Preparatory's proportionate share of the net OPEB asset	$ 273,271	$ 322,874	$ 366,074

	1% Decrease	Current Trend Rate	1% Increase
Preparatory's proportionate share of the net OPEB asset	$ 368,078	$ 322,874	$ 268,427

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The Preparatory 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 Preparatory maintained the following coverage through the Alliance of Nonprofits for Insurance Company:

Coverage	Limits of Coverage
Property liability:	
Building replacement cost	$5,043,500
General liability:	
Each occurrence	1,000,000
General aggregate	2,000,000
Products – aggregate	2,000,000
Personal & advertising injury	1,000,000
Social Service Professional:	
Aggregate limit	2,000,000
Event	1,000,000
Improper Sexual Conduct Limits:	
Aggregate limit	1,000,000
Each occurrence	1,000,000

There have been no settlements exceeding coverage in the last three years. Settled claims have not exceeded this coverage in any of the past three years. There was a significant reduction in building replacement cost insurance coverage from the prior year.

B. Employee Insurance Benefits

During fiscal year 2024, the Preparatory provided health insurance through Medical Mutual and dental, vision and life insurance benefits to employees through Anthem before switching to Delta Dental in April 2024.

NOTE 11 - SPONSOR

The Preparatory entered into a Sponsor Contract with the sponsor, St. Aloysius, commencing July 1, 2023 through June 30, 2030. Sponsor fee expense for fiscal year 2024 totaled $126,935.

NOTE 12 - MANAGEMENT COMPANY AGREEMENT

Educational Management and Development Group, LLC

Effective August 1, 2017, the Preparatory entered into a multi-year Management Agreement (Agreement) with Educational Management and Development Group (EMDG). The Agreement's term runs through June 30, 2023, and automatically renews for additional one year terms unless one party notifies the other at least 60 days prior to the expiration of the then current term.

EMDG will provide the Preparatory with the educational and administrative services set forth as follows:

- Educational services - curriculum, instruction oversight and coordination, instructional tools, extra-curricular and co-curricular programs, and additional educational services.

- Administrative services - personnel management, facility operation and maintenance, business administration (talent acquisition and human resources administration), facility acquisition and management, financial management, grants management, executive leadership, Board expenses, transportation and food services, public relations, budgeting and financial reporting, maintenance of financial and student records, marketing and community outreach, state data reporting, professional development for all staff, Board governance services, building level leadership and training supervision, fundraising, technology administration, admissions, student hearings, academic progress reports, rules and procedures, parent satisfaction forms, and additional administrative services.

As part of the terms of this Agreement, the "Continuing Fee" percentage of the Preparatory is 16 percent of gross revenues and a license fee of 3 percent of gross revenues. In addition to the management fee described above, the Preparatory will reimburse EMDG for its payroll and other costs eligible for reimbursements. Teachers and support staff recommended by EMDG will be employees of the Preparatory. The Director of the Preparatory will be an employee of EMDG, whose selection and removal shall be subject to approval of the Board.

EDMG may terminate the Agreement prior to the end of the term in the event the Preparatory fails to remedy a material breach of the Agreement within thirty days after written notice from EMDG. The Preparatory may terminate the Agreement for cause or without cause, per terms of the Agreement. The Agreement will terminate upon termination of the Preparatory' Charter or substantial reduction in state and federal funding.

The Preparatory paid $588,661 to EMDG during fiscal year 2024 for management services.

NOTE 13 - PURCHASED SERVICES

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

Professional services	$ 1,311,119
Property services	299,261
Travel expenses	332
Communications	38,679
Utility services	117,352
Contracted food services	181,822
Pupil transportation services	9,974
Total	$ 1,958,539

NOTE 14 - LONG-TERM OBLIGATIONS

The following changes occurred in the long-term obligations during fiscal year 2024:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due in One Year
Net pension liability:					
STRS	$ 3,395,758	$ 179,344	$ -	$ 3,575,102	$ -
SERS	650,936	89,987	-	740,923	-
Total net pension liability	4,046,694	269,331	-	4,316,025	-
Net OPEB liability:					
SERS	165,984	52,165	-	218,149	-
Lease obligations	1,706,179	-	(554,043)	1,152,136	70,953
USSBA loans payable:					
EIDL	150,000	-	(150,000)	-	-
Total long-term obligations	$ 6,068,857	$ 321,496	$ (704,043)	$ 5,686,310	$ 70,953

Net Pension Liability
See Note 8 for information on the Preparatory's net pension liability.

Net OPEB Liability
See Note 9 for information on the Preparatory's net OPEB liability.

Lease Obligations
In the current and prior fiscal years, the Preparatory has entered into three lease agreement for the right to use buildings for classroom space. In accordance with GASB Statement No. 87, the Preparatory has reported an intangible capital asset and corresponding liability for the future scheduled payments under the lease agreements.

The Preparatory, entered into a lease agreement on August 1, 2017, with Cash Money Properties, Ltd. to lease classroom space for the Preparatory. The initial term of the lease commenced August 1, 2017 and will expire on June 30, 2035. The base rent lease payments are $4,500 per month. The Preparatory made nine monthly of payments during fiscal year 2024 before purchasing the building on April 15, 2024.

The Preparatory, entered into a lease agreement on May 13, 2020, with Our Lady of Grace Church to lease classroom space and playground space for the Preparatory. The term of the lease commenced July 1, 2020, and continues through June 30, 2035. The Preparatory shall pay to Our Lady of Grace Church in annual base rent payable in advance in monthly installments.

The Preparatory, entered into a lease agreement in July of 2023, with Talbott Tower Holdings, LLC., to lease classroom space for the Preparatory. The initial term of the lease commenced June 1, 2023 and will expire on June 30, 2038. The base rent lease payments are $1,725 per month.

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal	Lease Obligations		
Year Ended,	Principal	Interest	Total
2025	$ 70,953	$ 55,995	$ 126,948
2026	93,775	51,929	145,704
2027	98,572	47,132	145,704
2028	101,890	42,089	143,979
2029	87,647	37,357	125,004
2030-2034	565,456	109,532	674,988
2035-2038	133,843	3,653	137,496
Total	$ 1,152,136	$ 347,687	$ 1,499,823

USSBA Loans Payable
On August 27, 2020, the United States Small Business Administration (USSBA) awarded the Preparatory a $150,000 economic injury disaster loan (EIDL) related to the COVID-19 pandemic to be used for various operating purposes of the Preparatory. The original terms of the loan agreement required monthly principal and interest payments of $641, at a 2.75% interest rate, to be repaid over 29 years beginning 12 months from the date of the loan. Before any payments were made, the USSBA determined that due to the continued adverse effects of the pandemic, a deferment period of 30 months from the date of the original loan would be granted. Further guidance from the USSBA stated that the 30-month EIDL deferment period would not be extended and COVID-19 EIDL is not forgivable. During fiscal year 2024, the Preparatory repaid this debt obligation in full.

NOTE 15 - RELATED PARTY TRANSACTIONS

The Governing Board of Richard Allen Preparatory served in the same capacity for the Richard Allen Academy for the fiscal year 2024, all of which were managed by the EMDG. Richard Allen Preparatory shares its Superintendent and the Treasurer/CFO with Richard Allen Academy.

The Superintendent serves as the Executive Director of EMDG. The Treasurer/CFO is not an employee of EMDG (nor has no other affiliation with EMDG) and has a separate contract with the Board.

The Preparatory pays EMDG 16 percent of gross revenues and a license fee of 3 percent of gross revenues. In addition to the management fee described above, the Preparatory will reimburse EMDG for its payroll and other costs eligible for reimbursements. See Note 12 for details.

NOTE 16 - CONTINGENCIES

A. Grants

The Preparatory received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Preparatory at June 30, 2024.

B. Pending Litigation

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

NOTE 17 - FEDERAL TAX STATUS

The Preparatory completed its application and filed for tax exempt status under 501(c) 3 of the Internal Revenue Code and was approved for tax exempt status. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Preparatory's tax-exempt status.

NOTE 18 - MANAGEMENT PLAN

Management merged the Richard Allen Preparatory and the Richard Allen Academy II effective June 1, 2018. Management has taken steps towards increasing student enrollment and containing costs, which would provide additional State funding and reduce expenses respectively, enabling the Preparatory to return to financial stability.

REQUIRED SUPPLEMENTARY INFORMATION

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	Preparatory's Proportion of the Net Pension Liability	Preparatory's Proportionate Share of the Net Pension Liability	Preparatory's Covered Payroll	Preparatory'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	0.01340911%	$ 740,923	$ 568,064	130.43%	76.06%
2023	0.01203480%	650,936	508,393	128.04%	75.82%
2022	0.00836501%	308,645	251,143	122.90%	82.86%
2021	0.00761400%	503,606	173,693	289.94%	68.55%
2020	0.00830152%	496,695	423,304	117.34%	70.85%
2019	0.00739145%	423,322	183,267	230.99%	71.36%
2018	0.00616960%	368,620	192,350	191.64%	69.50%
2017	0.00728760%	533,385	248,914	214.28%	62.98%
2016	0.00227800%	129,985	137,140	94.78%	69.16%
2015	0.00260400%	131,787	172,670	76.32%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Preparatory's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 83,999	$ (83,999)	$ -	$ 599,993	14.00%
2023	79,529	(79,529)	-	568,064	14.00%
2022	71,175	(71,175)	-	508,393	14.00%
2021	35,160	(35,160)	-	251,143	14.00%
2020	24,317	(24,317)	-	173,693	14.00%
2019	57,146	(57,146)	-	423,304	13.50%
2018	24,741	(24,741)	-	183,267	13.50%
2017	26,929	(26,929)	-	192,350	14.00%
2016	34,848	(34,848)	-	248,914	14.00%
2015	18,075	(18,075)	-	137,140	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	Preparatory's Proportion of the Net Pension Liability	Preparatory's Proportionate Share of the Net Pension Liability	Preparatory's Covered Payroll	Preparatory'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	0.01660141%	$ 3,575,102	$ 2,339,550	152.81%	80.02%
2023	0.01527548%	3,395,758	1,979,764	171.52%	78.88%
2022	0.01448658%	1,852,239	1,718,321	107.79%	87.78%
2021	0.01375809%	3,328,967	1,431,821	232.50%	75.48%
2020	0.01138915%	2,518,641	1,469,457	171.40%	77.40%
2019	0.01023968%	2,251,474	2,211,429	101.81%	77.31%
2018	0.01335789%	3,173,195	1,468,543	216.08%	75.30%
2017	0.01366018%	4,572,474	2,689,286	170.03%	66.80%
2016	0.00585207%	1,617,341	1,178,571	137.23%	72.10%
2015	0.00612584%	1,490,016	1,121,508	132.86%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Preparatory's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 341,719	$ (341,719)	$ -	$ 2,440,850	14.00%
2023	327,537	(327,537)	-	2,339,550	14.00%
2022	277,167	(277,167)	-	1,979,764	14.00%
2021	240,565	(240,565)	-	1,718,321	14.00%
2020	200,455	(200,455)	-	1,431,821	14.00%
2019	205,724	(205,724)	-	1,469,457	14.00%
2018	309,600	(309,600)	-	2,211,429	14.00%
2017	205,596	(205,596)	-	1,468,543	14.00%
2016	376,500	(376,500)	-	2,689,286	14.00%
2015	165,000	(165,000)	-	1,178,571	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	Preparatory's Proportion of the Net OPEB Liability	Preparatory's Proportionate Share of the Net OPEB Liability	Preparatory's Covered Payroll	Preparatory'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	0.01324163%	$ 218,149	$ 568,149	38.40%	30.02%
2023	0.01182211%	165,984	508,393	32.65%	30.34%
2022	0.00855162%	161,846	251,143	64.44%	24.08%
2021	0.00724327%	157,420	173,693	90.63%	18.17%
2020	0.00772653%	194,306	423,304	45.90%	15.57%
2019	0.00744180%	206,456	183,267	112.65%	13.57%
2018	0.00575900%	154,556	192,350	80.35%	12.46%
2017	0.00660616%	188,300	248,914	75.65%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Preparatory's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 5,737	$ (5,737)	$ -	$ 599,993	0.96%
2023	7,955	(7,955)	-	568,064	1.40%
2022	6,074	(6,074)	-	508,393	1.19%
2021	5,827	(5,827)	-	251,143	2.32%
2020	1,857	(1,857)	-	173,693	1.07%
2019	3,248	(3,248)	-	423,304	0.77%
2018	3,153	(3,153)	-	183,267	1.72%
2017	-	-	-	192,350	0.00%
2016	-	-	-	248,914	0.00%
2015	1,245	(1,245)	-	137,140	0.91%

(1) Amounts presented for each fiscal year were determined as of the Preparatory'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

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	Preparatory's Proportion of the Net OPEB Liability/(Asset)	Preparatory's Proportionate Share of the Net OPEB Liability/(Asset)	Preparatory's Covered Payroll	Preparatory'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	0.01660141%	$ (322,874)	$ 2,339,550	13.80%	168.52%
2023	0.01527548%	(395,533)	1,979,764	19.98%	230.73%
2022	0.01448658%	(305,438)	1,718,321	17.78%	174.73%
2021	0.01375809%	(241,798)	1,431,821	16.89%	182.10%
2020	0.01138915%	(188,632)	1,469,457	12.84%	174.70%
2019	0.01023968%	(164,541)	2,211,429	7.44%	176.00%
2018	0.01335789%	521,175	1,468,543	35.49%	47.10%
2017	0.01366018%	730,550	2,689,286	27.17%	37.33%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Preparatory's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ -	$ -	$ -	$ 2,440,850	0.00%
2023	-	-	-	2,339,550	0.00%
2022	-	-	-	1,979,764	0.00%
2021	-	-	-	1,718,321	0.00%
2020	-	-	-	1,431,821	0.00%
2019	-	-	-	1,469,457	0.00%
2018	-	-	-	2,211,429	0.00%
2017	-	-	-	1,468,543	0.00%
2016	-	-	-	2,689,286	0.00%
2015	-	-	-	1,178,571	0.00%

(1) Amounts presented for each fiscal year were determined as of the Preparatory'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

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.

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.

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.

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%.

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.

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.

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	(1)(2) **Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education and Workforce		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$56,158
National School Lunch Program	10.555	182,141
Total Child Nutrition Cluster		238,299
Total U.S. Department of Agriculture		238,299
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education and Workforce		
Title I Grants to Local Educational Agencies	84.010	394,223
Special Education Cluster (IDEA):		
Special Education Preschool Grants	84.173	5,610
Special Education Grants to States	84.027	106,839
Total Special Education Cluster (IDEA)		112,449
Supporting Effective Instruction State Grants	84.367	39,953
Student Support and Academic Enrichment Program	84.424	40,307
COVID-19 Education Stabilization Fund	84.425D	(1,757)
COVID-19 Education Stabilization Fund	84.425U	1,409,005
COVID-19 Education Stabilization Fund	84.425W	7,208
Total COVID-19 Education Stabilization Fund		1,414,456
Total U.S. Department of Education		2,001,388
Total Expenditures of Federal Awards		$2,239,687

(1) There were no pass through entity identifying numbers.
(2) There were no amounts passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Richard Allen Preparatory (the Preparatory) under programs of the federal government for the fiscal year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Preparatory, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Preparatory.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

The Preparatory has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The Preparatory commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Preparatory assumes it expends federal monies first.

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Richard Allen Preparatory
Montgomery County
627 Salem Avenue
Dayton, Ohio 45406

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of Richard Allen Preparatory, Montgomery County, Ohio (the Preparatory) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Preparatory's basic financial statements and have issued our report thereon dated November 13, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Preparatory'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

Preparatory's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Preparatory's response to the finding identified in our audit and described in the accompanying schedule of findings and / or corrective action plan. The Preparatory's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

November 13, 2025

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Richard Allen Preparatory
Montgomery County
627 Salem Avenue
Dayton, Ohio 45406

To the Board of Directors:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Richard Allen Preparatory's, Montgomery County, (the Preparatory) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Richard Allen Preparatory's major federal programs for the fiscal year ended June 30, 2024. Richard Allen Preparatory's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Richard Allen Preparatory complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Preparatory and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Preparatory's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Preparatory's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Preparatory's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Preparatory's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Preparatory's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Preparatory's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Preparatory's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Preparatory's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

November 13, 2025

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RICHARD ALLEN PREPARATORY
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	COVID-19 Education Stabilization Fund (AL #84.425D / 84.425U / 84.425W) Title I (AL #84.010)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2024-001

NONCOMPLIANCE

Ohio Rev. Code § 102.03 (E) states no public official or employee shall solicit or accept anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

Ohio Rev. Code § 2921.42(A)(4) states, in part, no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which the public official is connected.

FINDING NUMBER 2024-001
(Continued)

In previous periods, the Preparatory had a contract with Institute of Management and Resources, Inc. (IMR) to perform management services and Dr. Michelle Bozeman served as the Superintendent of Richard Allen Schools while being employed as the Director of IMR. Due to the bankruptcy process related to IMR, the Preparatory then entered into an agreement with a new management company, Educational Management and Development Group (EMDG), to perform management services effective August 1, 2017. Dr. Michelle Bozeman again was employed as the Director of EMDG while serving as the Superintendent of the Preparatory. Dr. Bozeman may have violated Ohio Rev. Code § 2921.42(A)(4) because as a public official in her role as the Superintendent of the Preparatory, Dr. Bozeman had a pecuniary interest in the agreement between EMDG and the Preparatory.

Additionally, Dr. Bozeman received compensation and benefits from EMDG while in her role as Director. Dr. Bozeman may have violated Ohio Rev. Code § 102.03(E) because her acceptance of the compensation and benefits from EMDG may have impaired her ability to objectively and independently exercise judgment in matters concerning EMDG in her role as the Superintendent for the Preparatory.

The Preparatory should take appropriate steps to verify that its management is independent of the management company and policies and procedures are implemented to detect and appropriately address any conflict of interest. Failure to do so could result in the Preparatory entering into contracts that might not be in the best interest of the Preparatory or the attending students. A referral will be made to the Ohio Ethics Commission.

Officials' Response: The School strongly objects to this finding as it pertains to alleged ethics matters involving the School's chief administrator. As in prior years, the Auditor indicates that a "referral will be made to the Ohio Ethics Commission." No prior referrals have resulted in an ethics finding against Dr. Bozeman (former Thomas); however, which is not surprising because none have occurred. The School again raises the question of how an operator—which, as Ohio law provides, can include an "individual" managing day-to-day operations by contract with an independent governing authority—can fulfill a school's chief administrator role when considering the Auditor's position that such administrators cannot be connected with the operator. The proposed finding fails to address this conflict with R.C. 3314.02(A)(8)(a). Consistent with Ohio community school law, a staff member of the operator—regardless of position with the operator—who fulfills the operator's contractual duties to manage the day-to-day operations of a school does not have a conflict of interest under R.C. 102.03 or R.C. 2921.42 where the school's independent governing authority has permissibly delegated such operational responsibility. Accordingly, this baseless allegation should be removed from the Audit Report.

Auditor of State Conclusion: The Auditor agrees that similar findings have been reported in prior audits to the Ohio Ethics Commission (OEC); however, the OEC has not, to the best of the Auditor's knowledge, indicated that the findings are unfounded. Since the issue has neither been corrected during this audit period by the Preparatory, nor has the Auditor received clear notice from the OEC that it has declined to investigate the matter, this finding must be included in accordance with requirements in AU-C 265.

FINDING NUMBER 2024-001
(Continued)

Further, it is not clear how the Preparatory can claim that Ohio Rev. Code § 3314.02(A)(8)(a) permits Dr. Bozeman (formerly Thomas) from serving as a public official in her role as the Superintendent of the Schools while simultaneously working for and being compensated as the Director of EMDG (for which the Preparatory contracted with during the audit period), without being in violation of Ohio Rev. Code §§102.03(E) and 2921.42(A). Ohio Rev. Code § 3314.02(A)(8)(a) defines operator or management company as “an individual or organization that manages the daily operations of a community school pursuant to a contract between the operator or management company and the school's governing authority. . . . ” Here, under Ohio Rev. Code § 3314.02(A)(8)(a), EMDG was the organization that managed the daily operations of the Preparatory pursuant to a contract between EMDG and the Preparatory. Ohio Rev. Code § 3314.02(A)(8)(a) does not state that a management company is required, or even permitted, to have the same individual serve as a public official of the Preparatory while also serving as a director for the management company. Counter to the Preparatory’s argument in its official response stating “a staff member of the operator—regardless of position with the operator—who fulfills the operator’s contractual duties to manage the day-to-day operations of a school does not have a conflict of interest,” it is clear that this is not merely a case in which the management company, under the authority granted to it by the governing authority, placed an individual to serve in a position for the Preparatory. Rather, this concerns a public official who, while serving as Superintendent of the Preparatory, was also employed and compensated for being the Director of the same management company, which contracted with the Preparatory.

In sum, Dr. Bozeman, as the Superintendent of the Preparatory, meets the definition of a public official under the Ohio Ethics Laws and she is thus subject to comply with Ohio Rev. Code §§ 102.03(E) and 2921.42(A), regardless of how Ohio Rev. Code § 3314.02(A)(8)(a) defines operator or management company.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Richard Allen Preparatory

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Noncompliance – Ohio Rev. Code § 102.03(E) and Ohio Rev. Code § 2921.42(A)(4) – Potential conflict of interest involving Dr. Michelle Bozeman due to relationship with the Preparatory and management company.	Not Corrected	Repeated as Finding Number 2024-001
2023-002	Material Weakness – Economic Injury Disaster Loan was incorrectly not accounted for as a liability of the Preparatory.	Corrected	

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Richard Allen Preparatory

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2024

Finding Number: 2024-001

Planned Corrective Action: The School strongly objects to this finding as it pertains to alleged ethics matters involving the School's chief administrator. As in prior years, the Auditor indicates that a "referral will be made to the Ohio Ethics Commission." No prior referrals have resulted in an ethics finding against Dr. Bozeman (former Thomas); however, which is not surprising because none have occurred. The School again raises the question of how an operator—which, as Ohio law provides, can include an "individual" managing day-to-day operations by contract with an independent governing authority—can fulfill a school's chief administrator role when considering the Auditor's position that such administrators cannot be connected with the operator. The proposed finding fails to address this conflict with R.C. 3314.02(A)(8)(a). Consistent with Ohio community school law, a staff member of the operator—regardless of position with the operator—who fulfills the operator's contractual duties to manage the day-to-day operations of a school does not have a conflict of interest under R.C. 102.03 or R.C. 2921.42 where the school's independent governing authority has permissibly delegated such operational responsibility. Accordingly, this baseless allegation should be removed from the Audit Report.

Anticipated Completion Date: Immediate

Responsible Contact Person: Todd Johnson, Treasurer

OHIO AUDITOR OF STATE
KEITH FABER

RICHARD ALLEN PREPARATORY

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 1/15/2026

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