TRECA DIGITAL ACADEMY
MARION COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
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PO Box 687 • 528 S. West Street • Piketon, OH 45661 • (740) 289-4131 • FAX (740) 289-3639

www.bhmcpagroup.com

OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Directors
TRECA Digital Academy
107 North Main Street, Suite 100
Marion, Ohio 43302

We have reviewed the *Independent Auditor's Report* of the TRECA Digital Academy, Marion County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 08, 2024

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TRECA DIGITAL ACADEMY
MARION COUNTY
YEAR ENDED JUNE 30, 2023

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bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TRECA Digital Academy
Marion County
107 N. Main Street, Suite 100
Marion, Ohio 43302

To the Governing Body:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of TRECA Digital Academy, Marion County, Ohio (TDA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TDA'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 respective financial position of the business-type activities and the aggregate remaining fund information of TRECA Digital Academy, Marion County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 TDA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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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 TDA'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 TDA'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 TDA'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 TDA'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 are 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 January 1, 2024, on our consideration of TDA'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 TDA'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 TDA's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group
Piketon, Ohio
January 1, 2024

The discussion and analysis of TRECA Digital Academy's (TDA) financial performance provides an overall review of TDA's financial activities for the fiscal year ended June 30, 2023. Readers should also review the basic financial statements and notes to enhance their understanding of TDA's financial performance.

Highlights

TDA was established and began its first year of operations in fiscal year 2002. TDA is an online internet school. TDA served 644 students in its first year of operation and has grown to a student enrollment of 1,986 students in fiscal year 2023.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements.

The statement of net position and the statement of revenues, expenses, and change in net position reflect how TDA did financially during fiscal year 2023. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report TDA's net position and the change in net position. This change in net position is important because it tells the reader whether the financial position of TDA has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of TDA's net position for fiscal year 2023 and fiscal year 2022:

Table 1
Net Position

	2023	2022	Change
Assets:			
Current and Other Assets	$8,996,544	$7,105,589	$1,890,955
Net OPEB Asset	868,866	751,861	117,005
Capital Assets, Net	3,308,844	2,580,910	727,934
Total Assets	13,174,254	10,438,360	2,735,894
Deferred Outflows of Resources:			
Pension	2,822,450	3,028,777	(206,327)
OPEB	660,307	1,032,069	(371,762)
Total Deferred Outflows of Resources	3,482,757	4,060,846	(578,089)

(continued)

Table 1
Net Position
(continued)

	2023	2022	Change
Liabilities:			
Current and Other Liabilities	$1,317,453	$1,439,276	$121,823
Long Term Liabilities			
Pension	11,508,832	7,258,327	(4,250,505)
OPEB	974,200	1,280,592	306,392
Other Amounts	2,923,796	2,569,393	(354,403)
Total Liabilities	16,724,281	12,547,588	(4,176,693)
Deferred Inflows of Resources:			
Pension	1,607,833	5,986,540	4,378,707
OPEB	1,803,973	1,673,287	(130,686)
Total Deferred Inflows of Resources	3,411,806	7,659,827	4,248,021
Net Position:			
Net Investment in Capital Assets	368,590	112,080	256,510
Restricted	463,388	0	463,388
Unrestricted (Deficit)	(4,311,054)	(5,820,289)	1,509,235
Total Net Position (Deficit)	($3,479,076)	($5,708,209)	$2,229,133

The net pension/OPEB liability reported by TDA at June 30, 2023, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", respectively. For reasons discussed below, end users of these financial statements will gain a clearer understanding of TDA's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 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 or net OPEB liability. GASB Statements No. 68 and No. 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 Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability (asset) to equal TDA's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service 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, TDA 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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution 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 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. vacation and sick 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 pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of TDA. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension 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 Statements No. 68 and No. 75, TDA'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 the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB related changes noted in the above table reflect an overall decrease in deferred outflows and deferred inflows. The decrease in the net OPEB liability and the increase in the net OPEB asset and the pension liability represent TDA's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension/OPEB liability.

Aside from the changes related to pension/OPEB, there were few significant changes from the prior fiscal year. The increase in cash is due to an increase in revenues (primarily State foundation funding, tuition and fees, and interest) and conservative spending. The decrease in current and other liabilities is primarily the result of repayment of FTE adjustments to the Department of Education. With the increase in cash and decrease in current and other liabilities, net position unrestricted increased. The increase in other long-term liabilities is for new leases and subscriptions entered into during the fiscal year.

Table 2 reflects the change in net position for fiscal year 2023 and fiscal year 2022.

Table 2
Change in Net Position

	2023	2022	Change
Operating Revenues:			
Charges for Services	$391,650	$381,143	$10,507
Foundation	13,971,129	13,007,913	963,216
Tuition and Fees	869,165	767,441	101,724
Intergovernmental	193,173	172,712	20,461
Other Operating Revenues	64,918	52,034	12,884
Total Operating Revenues	15,490,035	14,381,243	1,108,792
Non-Operating Revenues:			
Grants	3,342,531	3,385,873	(43,342)
Interest Earnings and Other Interest	156,537	8,229	148,308
Total Non-Operating Revenues	3,499,068	3,394,102	104,966
Total Revenues	18,989,103	17,775,345	1,213,758
Operating Expenses:			
Salaries	8,123,832	7,455,762	(668,070)
Fringe Benefits	1,585,699	2,705,976	1,120,277
Purchased Services	2,814,108	2,574,899	(239,209)
Materials and Supplies	1,768,686	1,693,429	(75,257)
Claims	1,738,292	1,420,855	(317,437)
Depreciation/Amortization	461,666	251,619	(210,047)
Other Operating Expenses	79,856	57,990	(21,866)
Total Operating Expenses	16,572,139	16,160,530	(411,609)
Non-Operating Expenses:			
Loss on Disposal of Capital Assets	150	0	(150)
Interest Expense	187,681	175,016	(12,665)
Total Non-Operating Expenses	187,831	175,016	(12,815)
Total Expenses	16,759,970	16,335,546	(424,424)
Increase in Net Position	2,229,133	1,439,799	789,334
Net Position at (Deficit) Beginning of Year	(5,708,209)	(7,148,008)	1,439,799
Net Position (Deficit) at End of Year	($3,479,076)	($5,708,209)	$2,229,133

The most significant change in operating revenue from the prior fiscal year is the increase in Foundation revenue due to an increase in student participation reported to the Ohio Department of Education (reported 1,855 students in fiscal year 2022 and 1,986 students in fiscal year 2023). The increase in tuition and fees is for an increase in summer school enrollment. The increase in grants revenue is primarily due to COVID relief funding.

While the overall increase in expenses from the prior fiscal year is impacted by the decrease in pension/OPEB expense, there are some other noteworthy changes. Salaries increased as staffing levels continued to increase and the Board approved a 3 percent increase of salaries. The increase in materials and supplies and purchased services are due to higher rent costs, additional services to students (online tutoring, mental health services, and student/family engagement activities), as well as a backlog of therapy services paid in the fiscal year as a result of vendor billing errors from the prior fiscal year. Increases in student population and certified staff costs also resulted in additional student and staff equipment purchases.

Budgeting

TDA is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

Capital Assets

At the end of fiscal year 2023, TDA had $368,590 invested in capital assets (net of accumulated depreciation/amortization). Additions include an intangible right to use lease for office space, intangible right to use subscriptions, a building sign, staff and teacher equipment, and a passenger van. Disposals included a building sign and intangible right to lease for office space. For further information regarding TDA's capital assets, refer to Note 6 to the basic financial statements.

Debt Administration

At the end of fiscal year 2023, TDA had leases and subscriptions payable, in the amount of $2,726,885 and $213,369, respectively. TDA's long-term obligations also include FTE Adjustments, the net pension/OPEB liability, and compensated absences. For further information regarding TDA's long-term obligations refer to Note 11 to the basic financial statements.

Current Issues

TDA became operational in 2001 as a non-profit public school, and one of the first online schools in the state of Ohio. In fiscal year 2023, TDA continued to be an appealing alternative for students and families looking for educational opportunities. Parents and students value the flexibility of our continuous progress model and use of technology to provide educational opportunities in an online learning environment. With each year, we learn more about the issues surrounding online education, as well as the challenges that our students face, and we recognize the at-risk needs of our students. We continue to address these needs through a variety of support services and personnel. Our focus remains on helping students progress through their assigned curriculum at an appropriate pace. We strive to provide all students with a meaningful online learning experience, despite the obstacles they may face. We work with each student to understand his or her unique situation to eliminate as many barriers to learning as possible. We want to help students understand the lasting value of education and that learning will still be a big part of their lives even after they graduate.

Contacting TDA's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of TDA's finances and to reflect TDA's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jessica Wake, Treasurer, TRECA Digital Academy, 107 North Main Street, Suite 100, Marion, Ohio 43302.

TRECA Digital Academy
Statement of Net Position
June 30, 2023

Assets:	
Current Assets:	
Cash and Cash Equivalents	$8,406,354
Accounts Receivable	38,593
Intergovernmental Receivable	496,200
Accrued Interest Receivable	6,245
Prepaid Items	49,152
Total Current Assets	8,996,544
Non-Current Assets:	
Restricted Assets:	
Net OPEB Asset	868,866
Depreciable Capital Assets, Net	3,308,844
Total Non-Current Assets	4,177,710
Total Assets	13,174,254
Deferred Outflows of Resources:	
Pension	2,822,450
OPEB	660,307
Total Deferred Outflows of Resources	3,482,757
Current Liabilities:	
Accounts Payable	91,580
Accrued Wages and Benefits Payable	449,458
Intergovernmental Payable	103,890
Claims Payable	65,342
Leases Payable	272,449
Subscription Payable	73,593
Compensated Absences Payable	261,141
Total Current Liabilities	1,317,453
Non-Current Liabilites:	
Claims Payable	127,500
Leases Payable	2,454,436
Subscription Payable	139,776
Compensated Absences Payable	202,084
Net Pension Liability	11,508,832
Net OPEB Liability	974,200
Total Non-Current Liabilities	15,406,828
Total Liabilities	16,724,281
Deferred Inflows of Resources:	
Pension	1,607,833
OPEB	1,803,973
Total Deferred Inflows of Resources	3,411,806
Net Position:	
Net Investment in Capital Assets	368,590
Restricted for OPEB Plan	463,388
Unrestricted (Deficit)	(4,311,054)
Total Net Position (Deficit)	($3,479,076)

See Accompanying Notes to Basic Financial Statements

TRECA Digital Academy
Statement of Revenues, Expenses, and Change in Net Position
For the Fiscal Year Ended June 30, 2023

Operating Revenues:	
Charges for Services	$391,650
Foundation	13,971,129
Tuition and Fees	869,165
Intergovernmental	193,173
Other Operating Revenues	64,918
Total Operating Revenues	15,490,035
Operating Expenses:	
Salaries	8,123,832
Fringe Benefits	1,585,699
Purchased Services	2,814,108
Materials and Supplies	1,768,686
Claims	1,738,292
Depreciation/Amortization	461,666
Other Operating Expenses	79,856
Total Operating Expenses	16,572,139
Operating Loss	(1,082,104)
Non-Operating Revenues (Expenses):	
Grants	3,342,531
Loss on Disposal of Capital Assets	(150)
Interest Earnings and Other Interest	156,537
Interest Expense	(187,681)
Total Non-Operating Revenues (Expenses)	3,311,237
Change in Net Position	2,229,133
Net Position (Deficit) at Beginning of Year	(5,708,209)
Net Position (Deficit) at End of Year	($3,479,076)

See Accompanying Notes to the Basic Financial Statements

TRECA Digital Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

Increase in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Charges for Services	$391,650
Cash Received from Foundation	13,739,988
Cash Received from Tuition and Fees	868,730
Cash Received from Intergovernmental Revenues	212,627
Cash Received from Other Operating Revenues	49,871
Cash Payments for Salaries	(8,023,153)
Cash Payments for Fringe Benefits	(1,414,181)
Cash Payments for Goods and Services	(4,617,434)
Cash Payments for Claims	(1,737,758)
Cash Payments for Other Operating Expenses	(79,697)
Net Cash Used for Operating Activities	(609,357)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Grants	3,202,948
Cash Flows from Capital Financing Activities:	
Acquisition of Capital Assets	(392,379)
Lease Principal	(257,666)
Lease Interest	(168,989)
Subscription Principal	(68,281)
Subscription Interest	(18,692)
Net Cash Used for Capital Financing Activities	(906,007)
Cash Flows from Investing Activities:	
Cash Received from Investment Earnings and Other Interest	150,292
Net Increase in Cash and Cash Equivalents	1,837,876
Cash and Cash Equivalents at Beginning of Year	6,568,478
Cash and Cash Equivalents at End of Year	$8,406,354
	(continued)

TRECA Digital Academy
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023
(continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	($1,082,104)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation/Amortization	461,666
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(19,502)
Decrease in Intergovernmental Receivable	29,691
Decrease in Prepaid Items	82,560
Decrease in Accounts Payable	(124,950)
Increase in Accrued Wages and Benefits Payable	100,197
Decrease in Intergovenmental Payable	(215,736)
Increase in Claims Payable	534
Increase in Compensated Absences Payable	1,111
Increase in Net Pension Liability	174,356
Decrease in Deferred Outflows - Pension	2,104,100
Decrease in Deferred Inflows - Pension	(2,200,331)
Decrease in Net OPEB Asset	47,614
Increase in Net OPEB Liability	120,519
Decrease in Deferred Outflows - OPEB	459,051
Decrease in Deferred Inflows - OPEB	(548,133)
Net Cash Used for Operating Activities	($609,357)

During fiscal year 2023, TDA entered into new leases for office space in the amount of $520,023.

During fiscal year 2023, TDA entered into new subscriptions in the amount of $277,348.

See Accompanying Notes to the Basic Financial Statements

TRECA Digital Academy
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2023

	Custodial
Assets:	
Cash and Cash Equivalents	$520
Net Position:	
Restricted for Individuals	$520

See Accompanying Notes to Basic Financial Statements

TRECA Digital Academy
Statement of Change in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2023

	Custodial
Additions:	
Miscellaneous	$1,012
Deductions:	
Payments on Behalf of Individuals	1,101
Net Decrease in Fiduciary Net Position	(89)
Net Position Beginning of Year	609
Net Position at End of Year	$520

See Accompanying Notes to Basic Financial Statements

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Note 1 - Description of the School

TRECA Digital Academy (TDA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. TDA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect TDA's tax exempt status. TDA's objective is to deliver a comprehensive educational program of high quality, tied to state and national standards, which can be delivered to students in the K-12 population entirely through distance learning technologies. It is to be operated in cooperation with the public schools to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and others, including home-schooled students who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program. TDA, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. TDA may acquire facilities as needed and contract for any services necessary for the operation of the school.

TDA was approved for operation under a contract with the Tri-Rivers Joint Vocational School (the Sponsor), commencing on July 30, 2001. A successor contract was entered into on April 18, 2018, effective through fiscal year 2023. On February 16, 2023, the district entered into a contract effective fiscal year 2024 through fiscal year 2030. The Sponsor is responsible for evaluating the performance of TDA and has the authority to deny renewal of the contract at its expiration. The Board of Directors is responsible for the operations of TDA.

TDA operates under the direction of a five-member Board of Directors appointed by majority vote of active directors with approval from the Sponsor. The Board of Directors is responsible for carrying out provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admissions standards, and qualification of teachers. It is staffed by seventy-two classified employees, ninety-nine certified teaching personnel, and seven administrative employees who provide services to one thousand nine hundred eighty-six students and other community members.

TDA participates in one insurance pool, the Schools of Ohio Risk Sharing Authority, which is presented in Note 12 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of TDA have been prepared in conformity with generally accepted accounting principles (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. Following are the more significant of the TDA's accounting policies.

A. Basis of Presentation

TDA's basic financial statements consist of a statement of net position; a statement of revenues, expenses, and change in net position; and a statement of cash flows.

Note 2 - Summary of Significant Accounting Policies (continued)

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

B. Measurement Focus

TDA is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of TDA are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how TDA finances and meets its cash flow needs.

C. Basis of Accounting

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

In addition to assets, the statement of financial position may report 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 that time. Deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB and explained in Notes 8 and 9 to the basic financial statements.

In addition to liabilities, the statement of financial position may report 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 until that time. Deferred inflows of resources are reported on the government-wide statement of net position for pension and OPEB and explained in Notes 8 and 9 to the basic financial statements.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

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

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Investments

Cash and investments held by TDA is reflected as "Cash and Cash Equivalents" on the statement of net position. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. Investments are reported at fair value or amortized costs. Fair value is based on quoted market price or current share price. During fiscal year 2023, TDA invested in negotiable certificate of deposits, federal agency securities, United States treasury notes, commercial paper, and mutual funds.

TDA's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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 in which services are consumed.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of assets. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets represent amounts held in trust by the OPEB plans for future benefits.

H. Capital Assets

All capital assets (except for intangible right-to-use lease assets and subscription assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. TDA maintains a capitalization threshold of five hundred dollars. TDA does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Useful Lives
Furniture, Fixtures, and Equipment	3 - 15 years
Vehicles	5 years

Note 2 - Summary of Significant Accounting Policies (continued)

TDA is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

I. Leases/Subscriptions Payable

TDA serves as lessee in various noncancellable leases which are accounted for as follows:

> Lessee At the commencement of a lease, TDA initially measures the lease liability as the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the lease asset is amortized in a systematic and rational manor over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

TDA is reporting subscription Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, TDA initially measures the subscription liability at the present value of the payment expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on in a systematic and rational manner over the shorter of the subscription term or useful of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long term debt on the statement of net position.

J. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. TDA first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for OPEB plans represent the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows.

Note 2 - Summary of Significant Accounting Policies (continued)

K. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of TDA. For TDA, these revenues are primarily foundation payments from the State and tuition and fees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of TDA. All revenues and expenses not meeting this definition are reported as non-operating.

L. Pension/Other Postemployment Benefits (OPEB)

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

M. Estimates

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

Note 3 - Change in Accounting Principles

For fiscal year 2023, TDA implemented Governmental Accounting Standards Board (GASB) Statement No. 91, "Conduit Debt Obligations", GASB No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription-Based Information Technology Arrangements", and GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 91 clarifies the existing definition conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required not disclosures. TDA did not have any debt that met the definition of conduit debt.

GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). TDA did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in TDA's 2023 financial statements. TDA recognized $4,302, in subscriptions payable at July 1, 2022, which was offset by the subscription asset.

Note 3 - Change in Accounting Principles (continued)

GASB No. 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASV 96 changes identified above.

Note 4 - Deposits and Investments

Monies held by TDA are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon TDA's treasury. Active monies must be maintained either as cash in TDA treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of TDA's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by TDA may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;

Note 4 - Deposits and Investments (continued)

4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of TDA, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to TDA's Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Note 4 - Deposits and Investments (continued)

Investments

As of June 30, 2023, TDA had the following investments:

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	More Than One Year
Fair Value - Level One Inputs				
Mutual Funds	$10,394	$10,394	$0	$0
Fair Value - Level Two Inputs				
Negotiable Certificates of Deposit	555,460	0	98,746	456,714
Federal Home Loan Mortgage Corporation Notes	48,872	0	0	48,872
United States Treasurery Notes	97,613	0	97,613	0
Total Fair Value - Level Two Inputs	701,945	0	196,359	505,586
Amortized Cost				
Commercial Paper	298,138	298,138	0	0
Total Investments	$1,010,477	$308,532	$196,359	$505,586

TDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies TDA's recurring fair value measurements as of June 30, 2023. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). TDA's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of TDA.

The mutual funds carry a rating of Aaa by Moody's. The negotiable certificates of deposit are covered by FDIC insurance. The federal agency securities and United States Treasury securities carry a rating of Aaa by Moody's. The commercial paper carries a rating of P-1 by Moody's. TDA has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated, at the time of purchase, in the highest category by at least one nationally recognized standard rating service, commercial paper must be rated in the highest category at the time of purchase by two nationally recognized standard rating services.

Note 4 - Deposits and Investments (continued)

The following table indicates the percentage of each investment to TDA's total portfolio.

	Fair	Percentage of
Negotiable Certificates of Deposit	$555,460	54.97%
Federal Home Loan Mortgage Corporation Notes	48,872	4.84
United States Treasury Notes	97,613	9.66
Commercial Paper	298,138	29.50

Note 5 - Receivables

Receivables at June 30, 2023, consisted of accounts (student fees and billings for user charged services) and intergovernmental receivables. Receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Cardington-Lincoln Local School District	$150
Educational Service Center of Central Ohio	250
ESSER	257,759
Idea B Special Education	96,061
Title I Non Competative	19,072
Title I-A	111,388
Title IV-A	9
Title II-A	11,511
Total Intergovernmental Receivables	496,200

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Restated Balance at 6/30/22	Additions	Reductions	Balance at 6/30/23
Depreciable Capital Assets				
Furniture, Fixtures, and Equipment	$263,614	$59,024	($500)	$322,138
Vehicles	21,814	31,255	0	53,069
Intangible Right to Use Lease - Office Space	2,654,032	557,523	(22,580)	3,188,975
Intangible Right to Use Lease - Equipment	25,411	0	0	25,411
Intangible Right to Use - Subscriptions	4,302	541,948	0	546,250
Total Depreciable Capital Assets	2,969,173	1,189,750	(23,080)	4,135,843

(continued)

Note 6 - Capital Assets (continued)

	Restated Balance at 6/30/22	Additions	Reductions	Balance at 6/30/23
Less Accumulated Depreciation/Amortization				
Furniture, Fixtures, and Equipment	($158,077)	($32,530)	$350	($190,257)
Vehicles	(15,271)	(7,489)	0	(22,760)
Intangible Right to Use Lease - Office Space	(205,825)	(255,813)	22,580	(439,058)
Intangible Right to Use Lease - Equipment	(9,090)	(9,353)	0	(18,443)
Intangible Right to Use - Subscriptions	0	(156,481)	0	(156,481)
Total Accumulated Depreciation/Amortization	(388,263)	(461,666)	22,930	(826,999)
Capital Assets, Net	$2,580,910	$728,084	($150)	$3,308,844

Note 7 - Risk Management

TDA 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 2023, TDA contracted for the following insurance coverage:

Coverage provided by The Schools of Ohio Risk Sharing Authority is as follows:	
Building and Contents	$444,380
General School District Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000

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

For fiscal year 2023, TDA participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with the SORSA for insurance coverage and pays annual premiums to the SORSA based on the types and limits of coverage and deductibles selected by the participant.

Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimates were not affected by incremental claim adjustment expenses and do not include other allocated or unallocated claim adjustment expenses.

Note 7 - Risk Management (continued)

TDA offers medical insurance to all employees through a self-insured program and utilizes a third party to manage claims processing. TDA's self-insurance program is funded based on actuarial estimates of the amounts needed to pay claims. Stop loss insurance covers claims exceeding $75,000 per individual and $1,000,000 total aggregate annually. Claims payable at June 30, 2023, was estimated by the third party administrator at $192,842. Of this amount, $65,342 is considered a short-term liability.

The change in the claims liability for fiscal year 2023 is as follows:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2023	$192,308	$1,738,292	$1,737,758	$192,842
2022	143,189	1,420,855	1,371,736	192,308

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 represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents TDA'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.

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

Note 8 - Defined Benefit Pension Plans (continued)

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Note 8 - Defined Benefit Pension Plans (continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and TDA is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

TDA's contractually required contribution to SERS was $409,985 for fiscal year 2023. Of this amount $341 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. 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.

Note 8 - Defined Benefit Pension Plans (continued)

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 their member contributions and 9.53 percent of the 14 percent 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 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty 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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

TDA's contractually required contribution to STRS was $680,435 for fiscal year 2023. Of this amount $61,105 is reported as an intergovernmental payable.

Note 8 - Defined Benefit Pension Plans (continued)

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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TDA's proportion of the net pension liability was based on the TDA's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07486700%	0.033555560%	
Prior Measurement Date	0.07314610%	0.035659966%	
Change in Proportionate Share	0.00172090%	-0.002104406%	
Proportionate Share of the Net Pension Liability	$4,049,390	$7,459,442	$11,508,832
Pension Expense	$360,549	$807,996	$1,168,545

At June 30, 2023, TDA's 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	$164,004	$95,490	$259,494
Changes of assumptions	39,956	892,671	932,627
Net difference between projected and actual earnings on pension plan investments	0	259,572	259,572
Changes in proportionate share and difference between TDA contributions and proportionate share of contributions	71,170	209,167	280,337
TDA contributions subsequent to the measurement date	409,985	680,435	1,090,420
Total Deferred Outflows of Resources	$685,115	$2,137,335	$2,822,450

Note 8 - Defined Benefit Pension Plans (continued)

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$26,584	$28,535	$55,119
Changes of assumptions	0	671,925	671,925
Net difference between projected and actual earnings on pension plan investments	141,305	0	141,305
Changes in proportionate share and Difference between TDA contributions and proportionate share of contributions	0	739,484	739,484
Total Deferred Inflows of Resources	$167,889	$1,439,944	$1,607,833

$1,090,420 reported as deferred outflows of resources related to pension resulting from TDA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$56,920	($58,545)	($1,625)
2025	17,352	(311,695)	(294,343)
2026	(201,858)	(369,312)	(571,170)
2027	234,827	756,508	991,335
Total	$107,241	$16,956	$124,197

Actuarial Assumptions - SERS

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

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

Note 8 - Defined Benefit Pension Plans (continued)

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, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent 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*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Note 8 - Defined Benefit Pension Plans (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TDA's proportionate share of the net pension liability	$5,960,508	$4,049,390	$2,439,298

Note 8 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, 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.

Note 8 - Defined Benefit Pension Plans (continued)

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

Asset Class	Target Allocation *	Long-Term Expected 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%	

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022
** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, 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 percent as of June 30, 2022. 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

Note 8 - Defined Benefit Pension Plans (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TDA's proportionate share of the net pension liability	$11,268,503	$7,459,442	$4,236,158

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2023, all members of the Board of Directors have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 9 - Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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.

Note 9 - Defined Benefit OPEB Plans (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, TDA's surcharge obligation was $6,558.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. TDA's contractually required contribution to SERS was $6,558 for fiscal year 2023. Of this amount $6,558 is reported as an 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 Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), 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, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. TDA's proportion of the net OPEB liability (asset) was based on TDA's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Note 9 - Defined Benefit OPEB Plans (continued)

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06938700%	0.033555560%	
Prior Measurement Date	0.06766380%	0.035659966%	
Change in Proportionate Share	0.00172320%	-0.002104406%	
Proportionate Share of the:			
Net OPEB Liability	$974,200	$0	$974,200
Net OPEB Asset	$0	$868,866	$868,866
OPEB Expense	($21,126)	$106,735	$85,609

At June 30, 2023, TDA 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	$8,190	$12,596	$20,786
Changes of assumptions	154,959	37,011	191,970
Net difference between projected and actual earnings on OPEB plan investments	5,063	15,125	20,188
Changes in proportionate Share and difference between TDA contributions and proportionate share of contributions	141,309	279,496	420,805
TDA contributions subsequent to the measurement date	6,558	0	6,558
Total Deferred Outflows of Resources	$316,079	$344,228	$660,307
Deferred Inflows of Resources			
Differences between expected and actual experience	$623,171	$130,487	$753,658
Changes of assumptions	399,917	616,109	1,016,026
Changes in Proportionate Share and Difference between TDA contributions and proportionate share of contributions	31,179	3,110	34,289
Total Deferred Inflows of Resources	$1,054,267	$749,706	$1,803,973

$6,558 reported as deferred outflows of resources related to OPEB resulting from TDA contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Note 9 - Defined Benefit OPEB Plans (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($150,511)	$64,031	($86,480)
2025	(155,846)	(188,816)	(344,662)
2026	(143,426)	(88,371)	(231,797)
2027	(102,481)	(39,318)	(141,799)
2028	(77,208)	(50,631)	(127,839)
Thereafter	(115,274)	(102,373)	(217,647)
Total	($744,746)	($405,478)	($1,150,224)

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, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

Mortality rates among healthy retirees 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

Note 9 - Defined Benefit OPEB Plans (continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of TDA's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
TDA's proportionate share of the net OPEB liability	$1,209,972	$974,200	$783,869

Note 9 - Defined Benefit OPEB Plans (continued)

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
TDA's proportionate share of the net OPEB liability	$751,284	$974,200	$1,265,367

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Note 9 - Defined Benefit OPEB Plans (continued)

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 8.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of TDA'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, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
TDA's proportionate share of the net OPEB asset	$803,243	$868,866	$925,076

	1% Decrease	Current Trend Rate	1% Increase
TDA's proportionate share of the net OPEB asset	$901,224	$868,866	$828,019

Note 10 - Other Employee Benefits

A. Compensated Absences

Vacation and sick leave benefits for TDA employees are outlined in TDA's personnel policy. Eligible employees earn twenty days of vacation per year. Accumulated unused vacation time is paid to employees upon termination of employment.

Employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifty days. Upon retirement, eligible employees may be paid 25-35 percent of accrued but unused sick leave to a maximum of forty-five or fifty-seven and one-fourth days as detailed in the personnel policy.

B. Health Care Benefits

TDA offers employee medical benefits through a self-insured program administered by UMR Insurance Company. Depending upon the plan chosen, the employees share the cost of the monthly premium with the Board. TDA provides dental, vision, and life insurance to employees through Trustmark, Vision Service Plan, and Equitable America, respectively. The employees share the cost of monthly premium with the Board for medical, dental, and vision coverage.

Note 11 - Long-Term Obligations

Changes in TDA's long-term obligations during fiscal year 2023 were as follows:

	Restated Balance at 6/30/2022	Additions	Reductions	Balance at 6/30/2023	Due Within One Year
FTE Adjustments					
FY16 FTE Adjustment	$167,063	$0	$167,063	$0	$0
FY22 FTE Adjustment	59,801	0	59,801	0	0
FY23 FTE Adjustment	0	55,524	0	55,524	55,524
Total FTE Adjustments	226,864	55,524	226,864	55,524	55,524
Net Pension Liability					
SERS	2,698,879	1,350,511	0	4,049,390	0
STRS	4,559,448	2,899,994	0	7,459,442	0
Total Net Pension Liability	7,258,327	4,250,505	0	11,508,832	0
Net OPEB Liability					
SERS	1,280,592	0	306,392	974,200	0
Other Long-Term Obligations					
Leases Payable	2,464,528	520,023	257,666	2,726,885	272,449
Subscriptions Payable	4,302	277,348	68,281	213,369	73,593
Claims Payable	192,308	1,738,292	1,737,758	192,842	65,342
Compensated Absences Payables	462,114	16,249	15,138	463,225	261,141
Total Other Long-Term Obligations	3,123,252	2,551,912	2,078,843	3,596,321	672,525
Total Long-Term Obligations	$11,889,035	$6,857,941	$2,612,099	$16,134,877	$728,049

Note 11 - Long-Term Obligations (continued)

FTE Adjustment - The Ohio Department of Education annually reviews enrollment information to determine if State foundation funding adjustments are necessary. These adjustments may result in a receivable to or liability of TDA. TDA has a liability for the fiscal year 2023 in the amount of $55,524 due in fiscal year 2024.

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability. For additional information related to the net pension/OPEB liability, see Notes 8 and 9 to the basic financial statements.

Leases and Subscriptions Payable - TDA has outstanding agreements for the lease of office space and copiers, and also has various outstanding contracts to use a SBITA vendor's IT software including time tracking, special education, student learning management, and data analytics software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using TDA's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription.

A summary of the principal and interest amounts for the remaining leases/subscriptions is as follows:

	Leases		Subscriptions	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$272,449	$156,076	$73,593	$14,315
2025	282,114	141,474	76,892	9,605
2026	279,087	126,742	62,884	4,716
2027	294,426	111,972	0	0
2028	312,651	96,209	0	0
2029-2033	1,055,509	261,886	0	0
2034	230,649	8,839	0	0
Total	$2,726,885	$903,198	$213,369	$28,636

Note 12 - Insurance Pool

TDA participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of superintendents, treasurers, and business managers. Carter Raynes Claims Service, Inc. is responsible for processing claims between SORSA and its members. Financial information can be obtained from SORSA, 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

Note 13 - Contingencies

A. Grants

TDA 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 is 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 TDA at June 30, 2023.

B. Litigation

There are currently no matters in litigation with the TDA as defendant.

C. Full Time Equivalency

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

Under Ohio Revised Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in additional adjustments to the enrollment information as well as claw backs of foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on TDA for fiscal year 2023. As a result of the fiscal year 2023 FTE Reviews, TDA owes ODE $55,524. See Note 11.

Note 14 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During Fiscal year 2023, TDA received COVID-19 funding, TDA will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

TRECA Digital Academy
Required Supplementary Information
Schedule of TDA's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	2023	2022	2021	2020
TDA's Proportion of the Net Pension Liability	0.07486700%	0.07314610%	0.07256360%	0.06438360%
TDA's Proportionate Share of the Net Pension Liability	$4,049,390	$2,698,879	$4,799,509	$3,852,183
TDA's Employee Payroll	$2,792,657	$2,528,557	$2,543,379	$2,207,363
TDA's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	145.00%	106.74%	188.71%	174.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

(1) Information prior to 2018 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2019	2018
0.06090880%	0.05493690%
$3,488,360	$3,282,357
$1,958,585	$927,743
178.11%	353.80%
71.36%	69.50%

TRECA Digital Academy
Required Supplementary Information
Schedule of TDA's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2023	2022	2021	2020
TDA's Proportion of the Net Pension Liability	0.033555560%	0.035659966%	0.03670209%	0.03957105%
TDA's Proportionate Share of the Net Pension Liability	$7,459,442	$4,559,448	$8,880,600	$8,750,899
TDA's Employee Payroll	$4,358,243	$4,400,007	$4,435,600	$4,678,536
TDA's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	171.16%	103.62%	200.21%	187.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.30%

(1) Information prior to 2018 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2019	2018
0.03398671%	0.03349229%
$7,472,915	$7,956,165
$3,926,400	$2,078,636
190.32%	382.76%
77.30%	75.30%

TRECA Digital Academy
Required Supplementary Information
Schedule of TDA's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	2023	2022	2021	2020
TDA's Proportion of the Net OPEB Liability	0.06938700%	0.06766380%	0.06758800%	0.05997810%
TDA's Proportionate Share of the Net OPEB Liability	$974,200	$1,280,592	$1,468,907	$1,508,324
TDA's Employee Payroll	$2,792,657	$2,528,557	$2,543,379	$2,207,363
TDA's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	34.88%	50.65%	57.75%	68.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

(1) Information prior to 2018 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2019	2018
0.05652630%	0.05261160%
$1,568,192	$1,411,957
$1,958,585	$927,743
80.07%	152.19%
13.57%	12.46%

TRECA Digital Academy
Required Supplementary Information
Schedule of TDA's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2023	2022	2021	2020
TDA's Proportion of the Net OPEB Liability	0.033555560%	0.035659966%	0.03670209%	0.03957105%
TDA's Proportionate Share of the Net OPEB Liability (Asset)	($868,866)	($751,861)	($645,038)	($655,391)
TDA's Employee Payroll	$4,358,243	$4,400,007	$4,435,600	$4,678,536
TDA's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-19.94%	-17.09%	-14.54%	-14.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.70%

(1) Information prior to 2018 is not available.

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

See Accompanying Notes to the Required Supplementary Information

2019	2018
0.03398671%	0.03349229%
($546,131)	$1,306,745
$3,926,400	$2,078,636
-13.91%	62.87%
176.00%	47.10%

TRECA Digital Academy
Required Supplementary Information
Schedule of TDA's Contributions
School Employees Retirement System of Ohio
Last Seven Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$409,985	$390,972	$353,998	$356,073
Contributions in Relation to the Contractually Required Contribution	(409,985)	(390,972)	(353,998)	(356,073)
Contribution Deficiency (Excess)	$0	$0	$0	$0
TDA Employee Payroll (1)	$2,928,464	$2,792,657	$2,528,557	$2,543,379
Pension Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	$6,558	$8,666	$7,641	$6,948
Contributions in Relation to the Contractually Required Contribution	(6,558)	(8,666)	(7,641)	(6,948)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Employee Payroll	0.22%	0.31%	0.30%	0.27%
Total Contributions as a Percentage of Employee Payroll (2)	14.22%	14.31%	14.30%	14.27%

(1) TDA's covered payroll is the same for Pension and OPEB
(2) Includes Surcharge

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017
$297,994	$264,409	$129,884
(297,994)	(264,409)	(129,884)
$0	$0	$0
$2,207,363	$1,958,585	$927,743
13.50%	13.50%	14.00%
$19,515	$16,945	$14,166
(19,515)	(16,945)	(14,166)
$0	$0	$0
0.88%	0.87%	1.53%
14.38%	14.37%	15.53%

TRECA Digital Academy
Required Supplementary Information
Schedule of TDA's Contributions
State Teachers Retirement System of Ohio
Last Seven Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$680,435	$610,154	$616,001	$620,984
Contributions in Relation to the Contractually Required Contribution	(680,435)	(610,154)	(616,001)	(620,984)
Contribution Deficiency (Excess)	$0	$0	$0	$0
TDA Employee Payroll	$4,860,250	$4,358,243	$4,400,007	$4,435,600
Pension Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability (Asset)				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017
$654,995	$549,696	$291,009
(654,995)	(549,696)	(291,009)
$0	$0	$0
$4,678,536	$3,926,400	$2,078,636
14.00%	14.00%	14.00%
$0	$0	$0
0	0	0
$0	$0	$0
0.00%	0.00%	0.00%
14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

<u>Changes in Benefit Term - STRS Pension</u>

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions - SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions - STRS

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

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms - STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. 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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

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TRECA DIGITAL ACADEMY
MARION COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Assistance Listing Number (ALN)	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Emergency Stabilization Fund				
COVID-19 Elementary and Secondary Education Stabliization Fund (ESSER I, II)	84.425D	NA	$ -	$ 713,197
COVID-19 Elementary and Secondary Education Stabliization Fund (ARP ESSER)	84.425U	NA		1,179,948
				1,893,145
Special Education Cluster (IDEA)				
Special Education - Grants to States (IDEA, Part B)	84.027A	NA	$ -	544,507
Special Education - ARP IDEA Part B	84.027X	NA	$ -	62,540
				607,047
Title I Grants to Local Educational Agencies	84.010A	NA	$ -	718,383
Title II Supporting Effective Instruction State Grants	84.367A	NA	$ -	102,448
Title IV Student Support and Academic Enrichment Program	84.424A	NA	$ -	43,934
Title III Language Instruction for English Learners EL Program	84.365A	NA	$ -	6,218
TOTAL U.S. DEPARTMENT OF EDUCATION				**3,371,175**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 3,371,175**

The accompanying notes are an integral part of this schedule.

TRECA DIGITAL ACADEMY
MARION COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of TRECA Digital Academy (TDA) under programs of the federal government for the year ended June 30, 2023. 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 TDA, it is not intended to and does not present the financial position, changes in net position, or cash flows of TDA.

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.

NOTE C – INDIRECT COST RATE

TDA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CONSORTIUM

TDA participates in a consortium for certain federal awards received from the Ohio Department of Education as required.

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

TRECA Digital Academy
Marion County
107 N. Main Street, Suite 100
Marion, Ohio 43302

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 the business-type activities and the aggregate remaining fund information of TRECA Digital Academy, Marion County, (TDA) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise TDA's basic financial statements and have issued our report thereon dated January 1, 2024.

Report on Internal Control Over Financial Reporting

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
January 1, 2024

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

TRECA Digital Academy
Marion County
107 N. Main Street, Suite 100
Marion, Ohio 43302

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited TRECA Digital Academy's, Marion County, (TDA) 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 TRECA Digital Academy's major federal program for the year ended June 30, 2023. TRECA Digital Academy's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, TRECA Digital Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the 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 TDA 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 the major federal program. Our audit does not provide a legal determination of TDA's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

TDA'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 TDA'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 TDA'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 TDA's compliance with the requirements of the 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 TDA'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 TDA'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 TDA'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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
January 1, 2024

Schedule of Findings
2 CFR § 200.515
June 30, 2023

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 controls 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)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund ALN 84.425D, 84.425U
(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?	Yes

Schedule of Findings
2 CFR § 200.515
June 30, 2023

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

None

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

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OHIO AUDITOR OF STATE
KEITH FABER

TRECA DIGITAL ACADEMY

MARION 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 3/21/2024

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