



**FINDLAY DIGITAL ACADEMY  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



**FINDLAY DIGITAL ACADEMY  
HANCOCK COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Findlay Digital Academy  
Hancock County  
1219 West Main Cross Street, Suite 101  
Findlay, Ohio 45840-3377

To the Board of Directors:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the Findlay Digital Academy, Hancock County, Ohio (the Academy), a component unit of the Findlay City School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

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

#### ***Basis for 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 the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 21, 2025

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**FINDLAY DIGITAL ACADEMY  
(A COMPONENT UNIT OF FINDLAY CITY SCHOOL DISTRICT)  
HANCOCK COUNTY, OHIO**

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

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

**Financial Highlights**

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position was \$1,717,946 at June 30, 2024. For fiscal year 2024, net position increased \$179,984, or 11.70%, over the net position at June 30, 2023.
- The Academy had operating revenues of \$1,397,467, operating expenses of \$1,528,070, non-operating revenues of \$311,504 and non-operating expenses of \$917 for fiscal year 2024. Total change in net position for the fiscal year was an increase of \$179,984.

**Using the Basic Financial Statements**

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

**Reporting the Academy's Financial Activities**

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

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

The statement of cash flows provides information about how the Academy's finances and meets the cash flow needs of its operations.

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

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

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

	<u>2024</u>	<u>2023</u>
<b><u>Assets</u></b>		
Current assets	\$ 1,728,498	\$ 1,668,811
Noncurrent assets:		
Capital assets, net	<u>1,840</u>	<u>82,616</u>
Total assets	<u>1,730,338</u>	<u>1,751,427</u>
<b><u>Liabilities</u></b>		
Current liabilities	12,392	17,322
Non-current liabilities	<u>-</u>	<u>196,143</u>
Total liabilities	<u>12,392</u>	<u>213,465</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	1,840	2,149
Restricted	924	61,774
Unrestricted	<u>1,715,182</u>	<u>1,474,039</u>
Total net position	<u>\$ 1,717,946</u>	<u>\$ 1,537,962</u>

Current assets increased and current liabilities decreased due to fluctuations in fiscal year-end foundation settlement adjustments.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the Academy's net position totaled \$1,717,946. At year-end, capital assets represented 0.11% of total assets. The decrease in capital assets is due to an agreement for a right to use asset ending during the fiscal year. Capital assets consisted of furniture and equipment. Capital assets are used to provide services to the students and are not available for future spending.

**FINDLAY DIGITAL ACADEMY**  
**(A COMPONENT UNIT OF FINDLAY CITY SCHOOL DISTRICT)**  
**HANCOCK COUNTY, OHIO**

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

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

	<u>2024</u>	<u>2023</u>
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 1,394,922	\$ 1,132,693
Other	<u>2,545</u>	<u>13,294</u>
Total operating revenues	<u>1,397,467</u>	<u>1,145,987</u>
<b><u>Operating Expenses:</u></b>		
Purchased services	1,311,198	1,258,659
Materials and supplies	126,016	78,173
Other	10,080	4,260
Depreciation	<u>80,776</u>	<u>82,708</u>
Total operating expenses	<u>1,528,070</u>	<u>1,423,800</u>
Operating loss	<u>(130,603)</u>	<u>(277,813)</u>
<b><u>Non-operating revenues (expenses):</u></b>		
Grants and subsidies	247,209	476,926
Interest revenue	64,295	43,822
Interest and fiscal charges	<u>(917)</u>	<u>(3,098)</u>
Total non-operating revenues (expenses)	<u>310,587</u>	<u>517,650</u>
Change in net position	179,984	239,837
Net position at beginning of year	<u>1,537,962</u>	<u>1,298,125</u>
Net position at end of year	<u><u>\$ 1,717,946</u></u>	<u><u>\$ 1,537,962</u></u>

The fiscal year 2024 State foundation increase was a result of fluctuations in amounts received from the State of Ohio. Other operating revenues decreased primarily due to decreases in donations and miscellaneous revenues. Operating expenses increased primarily due to increases in professional purchased services and materials and supplies expenses. Interest receipts were \$64,295 and \$43,822 for fiscal year 2024 and 2023, respectively. The increase in interest revenue is due to the amount the Academy had invested in 2024 compared to 2023 and the increase of interest earned on those investments.

#### **Capital Assets**

At June 30, 2024, the Academy had \$1,840 invested in furniture and equipment, net of accumulated depreciation, which represents a decrease of \$80,776, or 97.77%, from the June 30, 2023 balance of \$82,616.

See Note 6 to the basic financial statements for additional information on the Academy's capital assets.

#### **Debt Administration**

The Academy had no remaining debt at June 30, 2024 after payments were made during the fiscal year. See Note 7 for detail

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

**Current Financial Related Activities**

The Academy began in January 2005 providing a Standardized Digital Curriculum. During fiscal year 2020, the Academy purchased additional Digital Curriculum from Jefferson County ESC. The Academy is an internet-based educational delivery system designed for student's grades 9-12 who live in Findlay City School District, Ada, Arcadia, Arlington, Bluffton, Cory Rawson, Elmwood, Fostoria, Hardin Northern, Liberty Benton, McComb, North Baltimore, Riverdale, Van Buren and Vanlue. The Academy offers an on-line curriculum to any student whose needs, desires, or circumstances would best be served by a non-traditional education model. Academic Coaches are available and contracted through the Findlay City School District if the student so desires. Also provided is a secure computer lab for the students and coaches for tutoring and testing throughout the school year.

**Contacting the Academy's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact, Steve Earnest, Treasurer, at Findlay Digital Academy, 1219 West Main Cross, Suite 101, Findlay, Ohio 45840 or email at [earnest.steve@moesc.net](mailto:earnest.steve@moesc.net).

**FINDLAY DIGITAL ACADEMY**  
**(A COMPONENT UNIT OF THE FINDLAY CITY SCHOOL DISTRICT)**  
**HANCOCK COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2024

**Assets:**

Current assets:

Equity in pooled cash	
Cash and cash equivalents . . . . .	\$ 1,671,299
Receivables:	
Accounts . . . . .	3,800
Intergovernmental. . . . .	53,399
	<hr/>
Total current assets . . . . .	1,728,498
	<hr/>

Non-current assets:

Depreciable capital assets, net . . . . .	1,840
Total non-current assets. . . . .	<hr/> 1,840
	<hr/>
Total assets. . . . .	1,730,338
	<hr/>

**Liabilities:**

Current liabilities:

Intergovernmental payable . . . . .	10,066
Due to primary government . . . . .	2,326
	<hr/>
Total current liabilities . . . . .	12,392
	<hr/>
Total liabilities . . . . .	12,392
	<hr/>

**Net position:**

Net investment in capital assets. . . . .	1,840
Restricted for locally funded programs. . . . .	924
Unrestricted. . . . .	1,715,182
	<hr/>
Total net position. . . . .	\$ 1,717,946
	<hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY DIGITAL ACADEMY  
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HANCOCK COUNTY, OHIO**

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

<b>Operating revenues:</b>	
Foundation revenue . . . . .	\$ 1,394,922
Other . . . . .	2,545
Total operating revenues . . . . .	<u>1,397,467</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	1,311,198
Materials and supplies . . . . .	126,016
Other. . . . .	10,080
Depreciation/amortization . . . . .	80,776
Total operating expenses. . . . .	<u>1,528,070</u>
Operating loss . . . . .	<u>(130,603)</u>
<b>Non-operating revenues (expenses):</b>	
Grants and subsidies. . . . .	247,209
Interest revenue . . . . .	64,295
Interest and fiscal charges . . . . .	(917)
Total non-operating revenues (expenses) . . . . .	<u>310,587</u>
Change in net position . . . . .	179,984
Net position at beginning of year. . . . .	<u>1,537,962</u>
Net position at end of year . . . . .	<u><u>\$ 1,717,946</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY DIGITAL ACADEMY  
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HANCOCK COUNTY, OHIO**

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

<b>Cash flows from operating activities:</b>	
Cash received from state foundation . . . . .	\$ 1,389,706
Cash received from other operations . . . . .	(1,255)
Cash payments for contractual services . . . . .	(1,313,238)
Cash payments for materials and supplies . . . . .	(123,690)
Cash payments for other expenses . . . . .	(10,080)
	<hr/>
Net cash used in operating activities . . . . .	(58,557)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies. . . . .	592,532
Cash used in repayment of foundation settlement. . . . .	(115,676)
	<hr/>
Net cash provided by noncapital financing activities. . . . .	476,856
<b>Cash flows from capital and related financing activities:</b>	
Interest and fiscal charges . . . . .	(917)
Principal retirement on lease . . . . .	(80,467)
	<hr/>
Net cash used in capital and related financing activities. . . . .	(81,384)
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	64,295
	<hr/>
Net cash provided by investing activities . . . . .	64,295
Net increase in cash and cash cash equivalents . . . . .	401,210
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>1,270,089</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u><u>\$ 1,671,299</u></u></b>
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (130,603)
Adjustments:	
Depreciation/amortization. . . . .	80,776
Changes in assets and liabilities:	
Increase in accounts receivable . . . . .	(3,800)
Decrease in intergovernmental payable . . . . .	(7,061)
Decrease in accrued interest payable . . . . .	(195)
Increase in due to primary government . . . . .	2,326
	<hr/>
Net cash used in operating activities . . . . .	<b><u><u>\$ (58,557)</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FINDLAY DIGITAL ACADEMY  
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HANCOCK COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

Findlay Digital Academy (the Academy) is a Conversion Community School established pursuant to Ohio Revised Code Chapter 3314, and sponsored by the Findlay City School District (FCSD) to serve ninth through twelfth grade students living in the Findlay City School District. The Academy's mission is to enhance and facilitate student learning by combining state-of-the-art digital curriculum with access to local school resources to complement that instruction and prepare students to become lifelong learners and productive citizens.

The Findlay Digital Academy is considered a component unit of the Findlay City School District for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The Academy is included as a component unit of the FCSD because the FCSD appoints the Academy's Board of Directors. Therefore, the FCSD is able to significantly influence the programs or services performed or provided by the organization. In addition, through contractual arrangements, the FCSD is able to access a significant portion of the Academy's resources.

The Academy is an innovative program operated as a cooperative effort between the Digital Academy Board of Directors and the Findlay City School District. The Academy was approved for operation under an initial contract with the Findlay City School District (the Sponsor) commencing on April 1, 2004 and expiring on June 30, 2008. Three additional contracts have been signed. The most recent contract expires June 30, 2024. The Academy enrolled its first students in January 2005. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy is governed by a seven-member Board of Directors. The majority of the Board is composed of public officials or public sector employees who have a professional interest in furthering the establishment of the Academy. The Board may also include one or more parents of enrolled students and community civic leaders. The FCSD Treasurer serves as a Sponsor Representative.

The Academy uses distance-learning technology to deliver instruction via computers to students, either in their homes or a group-learning environment such as a computer classroom at school. Although the Academy cannot exercise control over the home environments in which instruction will be received, it attempts to take reasonable steps to ensure compliance with health and safety standards deemed available to its students and within the Academy's control.

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

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

**A. Basis of Presentation**

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



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

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

**B. Measurement Focus**

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

**C. Basis of Accounting**

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

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

Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

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

**E. Cash and Investments**

To improve cash management, cash received by the Academy is pooled and reported as "cash and cash equivalents" or "investments". Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Academy's records.

During fiscal year 2024, the Academy invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Academy measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

An analysis of the Academy's deposits and investments at fiscal year-end is provided in Note 4.

**FINDLAY DIGITAL ACADEMY  
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HANCOCK COUNTY, OHIO**

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

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

**F. Prepaid Items**

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

**G. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The Academy maintains a capitalization threshold of one thousand dollars. The Academy does not possess any infrastructure. Depreciation of furniture and equipment is computed using the straight-line method over an estimated useful life of five years.

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

**H. Net Position**

Net position represents the difference between assets and liabilities. The net position component "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 either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**I. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily foundation payments from the State. Operating expenses are necessary costs which are incurred to provide the good or service that is the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

**J. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program, Student Wellness and Success, ESSER, School Maintenance and Assistance, IDEA Part B grants, Title I grants, Title IV grants, and Improving Teacher Quality grants. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for fiscal year 2024 school year, excluding all other State and Federal grants, totaled \$1,394,922.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. State and Federal grants revenue for fiscal year 2024 was \$247,209.

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

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

**K. Estimates**

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

**L. Fair Value**

The Academy 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

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

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The Academy's investment policy allows the Treasurer to invest in instruments authorized by Ohio Revised Code Chapter 135. The Academy had the following deposits and investments at year-end:

Deposits: At June 30, 2024, the carrying amount of Academy deposits was \$467,200 and the bank balance of Academy deposits was \$501,299. \$250,000 of the Academy's bank balance was covered by the FDIC, leaving \$251,299 subject to custodial risk. There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

**FINDLAY DIGITAL ACADEMY**  
**(A COMPONENT UNIT OF FINDLAY CITY SCHOOL DISTRICT)**  
**HANCOCK COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Investments:* At June 30, 2024, the Academy had the following investment and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities 6 months or less
Amortized Cost:		
STAR Ohio	\$ 1,204,099	\$ 1,204,099

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Academy manages its exposure to declines in fair value of an investment.

*Credit Risk* - STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Academy's investment policy does not specifically address credit risk beyond requiring the Academy to only invest in securities authorized by State statute.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Academy has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

Measurement/ Investment type	Measurement Value	% of Total
Amortized Cost:		
STAR Ohio	\$ 1,204,099	100.00

*Reconciliation of Cash and Investments to the Statement of Net Position*

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2024:

Cash and investments per note

Carrying amount of deposits	\$ 467,200
Investments	<u>1,204,099</u>
Total	<u>\$ 1,671,299</u>

Cash and investments per financial statements

Cash and cash equivalents	<u>\$ 1,671,299</u>
---------------------------	---------------------

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2024 consisted of accounts receivables in the amount of \$3,800 and intergovernmental receivables in the amount of \$53,399. These receivables are expected to be collected in the subsequent year.

**FINDLAY DIGITAL ACADEMY**  
**(A COMPONENT UNIT OF FINDLAY CITY SCHOOL DISTRICT)**  
**HANCOCK COUNTY, OHIO**

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

**NOTE 6 - CAPITAL ASSETS**

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

	Balance 06/30/23	Additions	Deductions	Balance 06/30/24
<i>Capital assets, being depreciated/amortization:</i>				
Furniture and equipment	\$ 175,868	\$ -	\$ -	\$ 175,868
Intangible right to use: lease building	<u>234,930</u>	<u>-</u>	<u>(234,930)</u>	<u>-</u>
Less: accumulated depreciation/amortization	<u>(328,182)</u>	<u>(80,776)</u>	<u>234,930</u>	<u>(174,028)</u>
Capital assets, net	<u>\$ 82,616</u>	<u>\$ (80,776)</u>	<u>\$ -</u>	<u>\$ 1,840</u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of the Academy's long-term obligations activity in fiscal year 2024.

	Balance at 06/30/23	Additions	Reductions	Balance at 06/30/24	Due Within One Year
Intergovernmental payable	\$ 115,676	\$ -	\$ (115,676)	\$ -	\$ -
Lease payable	<u>80,467</u>	<u>-</u>	<u>(80,467)</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 196,143</u>	<u>\$ -</u>	<u>\$ (196,143)</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 8 - RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Academy is covered under the liability and property policies of the Findlay City School District.

Insurance coverage for the Academy is as follows:

Property:	\$ 216,189,961
General Liability:	
Per Occurrence	1,000,000
Aggregate	3,000,000
Educators Legal Liability	3,000,000

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

**FINDLAY DIGITAL ACADEMY  
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HANCOCK COUNTY, OHIO**

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

**NOTE 9 - PURCHASED SERVICE EXPENSES**

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

Professional and technical services	\$ 1,293,220
Property services	442
Travel mileage/meeting expenses	6,498
Communications	747
Contracted craft/trade services	868
Tuition and similar payments	<u>9,423</u>
Total	<u>\$ 1,311,198</u>

**NOTE 10 - PAYMENTS TO SPONSOR / RELATED PARTY TRANSACTION**

The Academy has entered into a Sponsorship Contract with the Findlay City School District, its Sponsor, as described in Note 1. The Sponsorship Contract states that the Findlay City School District may direct its Treasurer to serve as the Academy's fiscal officer. However, for fiscal year 2024, the Academy contracted with Steve Earnest to be the Treasurer. The Treasurer of the Academy performs the following functions for the Academy:

- A. Assumes responsibility for receipt, safekeeping and disbursement of all Academy funds;
- B. Directs and manages all financial accounting programs and systems; and
- C. Completes and files all forms, reports, papers and other requirements as prescribed by the Auditor of State, Department of Education, or other state or local agencies.

The Academy contracts through the Hancock County Educational Service Center the services of the Executive Director, Principal, Administrative Assistant, 22+ Coordinator, EMIS Coordinator and technology support.

The Academy contracts with the Sponsor for almost all of its services, except those mentioned above.

During the year ended June 30, 2024, the Academy incurred \$361,999 in expenses payable to its Sponsor, the Findlay City School District, for:

Salaries and benefits	\$ 351,508
Supplies	<u>10,491</u>
Total	<u>\$ 361,999</u>

**NOTE 11 - CONTINGENCIES**

**A. Grants**

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

**FINDLAY DIGITAL ACADEMY  
(A COMPONENT UNIT OF FINDLAY CITY SCHOOL DISTRICT)  
HANCOCK COUNTY, OHIO**

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

**NOTE 11 - CONTINGENCIES - (Continued)**

**B. State Funding**

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 and Workforce (ODEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODEW may also perform a FTE review for the fiscal year that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

**C. Litigation**

The Academy is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

**NOTE 12 - SUBSEQUENT EVENT**

As of July 1, 2024, Mid-Ohio Educational Service Center became the Sponsor of the Academy.

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# OHIO AUDITOR OF STATE KEITH FABER

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

Findlay Digital Academy  
Hancock County  
1219 West Main Cross Street, Suite 101  
Findlay, Ohio 45840-3377

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Findlay Digital Academy, Hancock County, Ohio (the Academy), a component unit of Findlay City School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 21, 2025

### ***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 21, 2025

# OHIO AUDITOR OF STATE KEITH FABER



**FINDLAY DIGITAL ACADEMY**

**HANCOCK 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 3/27/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)