

OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024





65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Ohio Digital Learning School
1745 Indian Wood Circle, Suite 110
Maumee, Ohio 43537

We have reviewed the *Independent Auditor's Report* of Ohio Digital Learning School, Lucas County, prepared by Rea & Associates, Inc., for the audit period July 1, 2023, through June 30, 2024. 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. Ohio Digital Learning School is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 11, 2025

This page intentionally left blank.

Ohio Digital Learning School
Lucas County, Ohio
Table of Contents
June 30, 2024

	<i>Page</i>
Independent Auditor's Report	1
Management's Discussion and Analysis	5
 Basic Financial Statements:	
Statement of Net Position.....	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements.....	12
 Required Supplementary Information:	
Schedule of The School's Proportionate Share of the Net Pension Liability and School Pension Contributions – SERS.....	40
Schedule of The School's Proportionate Share of the Net Pension Liability and School Pension Contributions – STRS.....	41
Schedule of The School's Proportionate Share of the Net OPEB Liability and School OPEB Contributions – SERS.....	42
Schedule of The School's Proportionate Share of the Net OPEB Liability (Asset) and School OPEB Contributions – STRS.....	43
Notes to the Required Supplementary Information.....	44
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ohio Digital Learning School
Lucas County, Ohio
1745 Indian Wood Circle
Maumee, Ohio 43537

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ohio Digital Learning School, Lucas County, Ohio, (the "School"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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 School'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 School'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 Pension and Other Post-Employment Benefit Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 25, 2025 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
March 25, 2025

This page is intentionally left blank.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

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

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"*. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2024 are as follows:

- Total net position was (\$2,566,016) as of June 30, 2024, which is a \$611,763 decrease from net position of \$(1,954,253) at June 30, 2023.
- The School had operating revenues of \$8,043,618, operating expenses of \$9,584,490, non-operating revenues of \$931,021, and non-operating expenses of \$1,912. The operating loss was \$1,540,872 during the School's fifth year of operations.
- Current assets decreased \$1,797,870 and current liabilities decreased \$1,862,082 during the fiscal year ending June 30, 2024.
- Net OPEB asset, deferred outflows of resources, and deferred inflows of resources decreased and net pension liability and net OPEB liability increased because of GASB Statements No. 68 and 75.

Using this Financial Report

This report consists of three parts: the MD&A, the basic financial statements, and notes to those statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's net pension liability and net OPEB liability/asset. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Reporting the School as a Whole

One of the most important questions asked about the School is, "As a whole, what is the School's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, which appear first in the School's financial statements, report information on the School as a whole and its activities in a way that helps answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

These two statements report the School's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as reported in the Statement of Net Position - as one way to measure the School's financial health or financial position. Over time, increases or decreases in the School's net position - as reported in the Statement of Net Position - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School's operating results. However, the School's goal is to provide services to students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the School, to assess the overall health of the School.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report the activities for the School, which encompass all the School's services, including instruction, support services and community services. Unrestricted State aid finances most of these activities.

Table 1 provides a summary of the School's net position for fiscal year 2024 and fiscal year 2023.

**Table 1
Net Position**

	2024	2023
Assets:		
Cash and Current Assets	\$ 3,708,195	\$ 5,506,065
Noncurrent Assets:		
Depreciated/Amortized Capital Assets, Net	177,644	102,497
Net OPEB Asset	271,023	295,750
<i>Total Assets</i>	<u>4,156,862</u>	<u>5,904,312</u>
Deferred Outflows of Resources:		
Pension	1,997,749	2,241,322
OPEB	412,247	423,689
<i>Total Deferred Outflows of Resources</i>	<u>2,409,996</u>	<u>2,665,011</u>
Liabilities:		
Current Liabilities	3,740,430	5,602,512
Long-Term Liabilities		
Net Pension Liability	4,136,103	3,685,000
Net OPEB Liability	308,294	276,833
Other Amounts Due in More than One Year	116,298	400
<i>Total Liabilities</i>	<u>8,301,125</u>	<u>9,564,745</u>
Deferred Inflows of Resources:		
Pension	282,795	365,844
OPEB	548,954	592,987
<i>Total Deferred Inflows of Resources</i>	<u>831,749</u>	<u>958,831</u>
Net Position:		
Net Investment in Capital Assets	30,858	10,957
Restricted for OPEB	271,023	68,033
Unrestricted	(2,867,897)	(2,033,243)
<i>Total Net Position</i>	<u>\$ (2,566,016)</u>	<u>\$ (1,954,253)</u>

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

Current assets include cash and cash equivalents, prepaid assets, accounts receivable, and intergovernmental receivables. The decrease in current assets is attributed to the amount due from K12, with a Balanced Budget Credit of \$1,523,556 applicable to fiscal year 2024 (see Note 17), which is reported in accounts receivable. At June 30, 2023, a Balanced Budget Credit of \$4,387,924 was reported.

Non-current assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS) and capital assets (equipment and intangible right to use - leased assets and software). See Notes 7 and 10 for more detail.

Current liabilities include accounts payable, accrued wages and benefits, intergovernmental payable, accrued interest payable, and leases payable. Accounts payable includes \$2,952,864 due to K12 for administrative services, technology services, and educational products and services.

Long-term liabilities include net pension and net OPEB liabilities (see Notes 9 and 10) and leases payable. Long-term liabilities increased from 2023 primarily due to an increase in leases payable and net pension liability.

Table 2 shows the changes in net position for fiscal year 2024 and fiscal year 2023, as well as a listing of revenues and expenses:

Table 2
Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Foundation	\$ 7,187,288	\$ 5,351,201
Special Education	856,006	491,845
Other Operating Revenue	324	7,531
Non-Operating Revenue		
Grants Received - Federal, State and Local	928,148	930,880
Gain on Lease Termination	2,873	-
Total Revenues	<u>8,974,639</u>	<u>6,781,457</u>
Operating Expenses:		
Salaries	2,265,849	2,133,774
Fringe Benefits	1,543,559	1,734,315
Purchased Services	1,170,368	571,239
Materials and Supplies	4,317,697	2,857,804
Other Operating Expenses	210,109	189,168
Depreciation/Amortization	76,908	91,777
Total Operating Expenses	<u>9,584,490</u>	<u>7,578,077</u>
Non-Operating Expense		
Interest	1,912	6,505
Total Expenses	<u>9,586,402</u>	<u>7,584,582</u>
Total Decrease in Net Position	<u><u>\$ (611,763)</u></u>	<u><u>\$ (803,125)</u></u>

The revenue generated by a community school is almost entirely dependent on the per-pupil allotment given by the State foundation and other State and local grant programs. The School provided services to approximately 832 students in 2023 and approximately 931 students in 2024. Foundation revenue was 80% of total revenues for 2024 and 79% for 2023. Special Education revenue is weighted based on the category of disability of the Special Education students enrolled in the School. Non-operating revenue during the fiscal year included casino revenue from the State and Federal and State grant funding.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

The School contracted with K12 to provide administrative services, technology services, and educational programs and services, as described in Note 15.

Overall, operating expenses increased \$2 million during fiscal year 2024. This increase is primarily the result of an increase in student enrollment and certified teaching and instructional/support personnel. Materials and supplies expense increased \$1.5 million during fiscal year 2024 from the purchase of student curriculum, textbooks, and computers.

Debt

The School had leases payable in the amount of \$146,786 at June 30, 2024, of which \$30,488 is due within one year. See Note 8 for detail.

Capital Assets

The School reported capital assets, net of depreciation/amortization in the amount of \$177,644 at June 30, 2024. Capital assets consist of equipment and intangible right to use, leased building and equipment and software. See Note 7 for detail.

Current Financial Related Activities

The School's financial outlook over the next several years should remain steady as enrollment is expected to increase. The management team and Board of Trustees intend to continue their good stewardship of public funds by keeping appropriate levels of working capital and net position.

Contacting the School's Financial Management

This financial report is designed to provide all stakeholders with a general overview of the School's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Dawn Cummings, School Treasurer, Ohio Digital Learning School, 1745 Indian Wood Circle, Suite 110, Maumee, Ohio 43537.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2024**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 733,099
Prepaid Assets	9,412
Accounts Receivable	1,524,973
Intergovernmental Receivable	<u>1,440,711</u>
<i>Total Current Assets</i>	<u>3,708,195</u>

Noncurrent Assets:

Depreciated/Amortized Capital Assets, Net	177,644
Net OPEB Asset	<u>271,023</u>
<i>Total Noncurrent Assets</i>	<u>448,667</u>

Total Assets

4,156,862

Deferred Outflows of Resources:

Pension	1,997,749
OPEB	<u>412,247</u>
<i>Total Deferred Outflows of Resources</i>	<u>2,409,996</u>

Liabilities:

Current Liabilities:

Accounts Payable	3,346,016
Accrued Wages and Benefits	235,209
Intergovernmental Payable	84,369
Unearned Revenue	43,750
Accrued Interest payable	598
Leases Payable	<u>30,488</u>
<i>Total Current Liabilities</i>	<u>3,740,430</u>

Long-Term Liabilities:

Net Pension Liability	4,136,103
Net OPEB Liability	308,294
Leases Payable	<u>116,298</u>
<i>Total Long-Term Liabilities</i>	<u>4,560,695</u>

Total Liabilities

8,301,125

Deferred Inflows of Resources:

Pension	282,795
OPEB	<u>548,954</u>
<i>Total Deferred Inflows of Resources</i>	<u>831,749</u>

Net Position:

Net Investment in Capital Assets	30,858
Restricted for OPEB	271,023
Unrestricted (Deficit)	<u>(2,867,897)</u>
<i>Total Net Position (Deficit)</i>	<u>\$ (2,566,016)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

Operating Revenues

Foundation Payments	\$ 7,187,288
Special Education	856,006
Other Revenues	324
Total Operating Revenues	8,043,618

Operating Expenses

Salaries	2,265,849
Fringe Benefits	1,543,559
Purchased Services	1,170,368
Materials and Supplies	4,317,697
Other	210,109
Depreciation/Amortization	76,908
Total Operating Expenses	9,584,490
Operating Loss	(1,540,872)

Non-Operating Revenues (Expenses)

Grants Received - Federal	631,500
Grants Received - State and Local	296,648
Gain on Lease Termination	2,873
Interest Expense	(1,912)
Total Non-Operating Revenues (Expenses)	929,109
Change in Net Position	(611,763)
Net Position (Deficit) at Beginning of Year	(1,954,253)
Net Position (Deficit) at End of Year	\$ (2,566,016)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

Cash Flows from Operating Activities:

Cash Received from Special Education	\$ 855,621
Cash Received from Foundation Payments	5,944,912
Cash Payments to Supplies for Goods and Services	(4,442,345)
Cash Payments to Employees for Services	(2,276,163)
Cash Payments for Employee Benefits	(897,617)
Cash Payments to Others	(286,803)
<i>Net Cash Used in Operating Activities</i>	<u>(1,102,395)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Grants - Federal	984,843
Cash Received from Grants - State and Local	333,113
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,317,956</u>

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	(38,876)
Interest Expense	(2,066)
Principal Retirement on Leases	(55,060)
<i>Net Cash Used in Capital and Related Activities</i>	<u>(96,002)</u>

Net Increase in Cash and Cash Equivalents

Cash and Cash Equivalents at Beginning of Year	613,540
Cash and Cash Equivalents at End of Year	<u>\$ 733,099</u>

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating Loss	\$ (1,540,872)
----------------	----------------

Adjustments to Reconcile Operating Loss to Net Used in Operating Activities:

Depreciation/Amortization	76,908
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Decrease in Accounts Receivable	2,763,979
Decrease in Prepaid Items	5,331
(Increase) in Intergovernmental Receivable	(1,241,313)
Decrease in Net OPEB Asset	24,727
Decrease in Deferred Outflows - Pension	243,573
Decrease in Deferred Outflows - OPEB	11,442
(Decrease) in Accounts Payable	(1,828,745)
(Decrease) in Accrued Wages and Benefits	(17,005)
Increase in Intergovernmental Payable	348
Increase in Unearned Revenue	43,750
Increase in Net Pension Liability	451,103
Increase in Net OPEB Liability	31,461
(Decrease) in Deferred Inflows - Pension	(83,049)
(Decrease) in Deferred Inflows - OPEB	(44,033)
<i>Net Cash Used in Operating Activities</i>	<u>\$ (1,102,395)</u>

Non-Cash Transactions:

During fiscal year 2024, the School terminated two leases for intangible right to use building space and copier equipment. The terminations resulted in a reduction of \$54,113 to the leases payable liability and net reduction of \$51,240 to capital assets, net (\$261,932 net reduction in intangible right to use - leased buildings and equipment and \$210,692 reduction in accumulated amortization).

The School entered into lease agreements for the intangible right to use building space and copier equipment in the amount of \$154,934 and \$9,485, respectively, during fiscal year 2024.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

1. DESCRIPTION OF THE SCHOOL

Ohio Digital Learning School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is a Department of Education-designated Dropout Prevention and Recovery School established to help students in grades 9-12 ages 16-21 reach their true potential. The School is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor) on May 15, 2019, for a period of five academic years commencing on July 1, 2019 and expiring on June 30, 2024. The contract was automatically extended for a period of an additional five academic years commencing on July 1, 2024 and expiring on June 30, 2029. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration (see Note 15).

The School operates under the direction of a five member Board of Trustees. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board oversees the School's 64 instructional/support staff and certificated teaching and other personnel who provide services to approximately 931 students.

The School contracts with K12 Virtual Schools L.L.C. (K12) for a variety of services including management of personnel and human resources, the program of instruction, technology, marketing, data management, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment for teachers and students (see Notes 14 and 15).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School's reporting entity has been defined in accordance with 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 and Amendment of GASB Statements No. 14 and No. 34". The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the School, this includes general operations of the School. Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statement of the reporting entity includes only those of the School (the primary government). The School has no component units.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

The School uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes 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 and services.

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

C. Measurement Focus and Basis of Accounting

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 Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources have been reported on the Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources have been reported on the Statement of Net Position for pension and OPEB (see Notes 9 and 10).

E. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, except under Ohio Revised Code Section 5705.391, the School must prepare a five year spending plan and submit it to the Ohio Superintendent of Public Instruction. In addition, the Sponsor does prescribe an annual budget requirement in addition to preparing the five year spending plan which is to be updated on an annual basis.

F. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets and Depreciation/Amortization

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the dates received. The School maintains a capitalization threshold of over \$5,000 for all assets with a useful life of one year or more. 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. Depreciation/amortization of capital assets is computed using the straight-line method and the School utilizes the useful lives established by the IRS.

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

H. Intergovernmental Revenues

The School currently participates in the State Foundation Program and the Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. For the fiscal year ended June 30, 2024, State Foundation Program revenue was \$7,187,288 and revenue from the Special Education Program was \$856,006.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met and they are earned and measurable.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

The School also participates in various State and Federal operating grants. Grants awarded in 2024 included \$631,500 from the Title I, Title IV-A, Title IIA, Expanding Opportunities, IDEA, American Rescue Plan (ARP) Elementary and Secondary School Emergency (ESSER), and ESSER II programs.

The School received \$70,754 in casino revenue and \$225,894 in other State grants during fiscal year 2024, which is reported in nonoperating State and local grants.

I. Accrued Liabilities and Long-Term Obligations

All payables and other accrued liabilities are reported on the statement of net position. The School has recognized certain liabilities on its Statement of Net Position relating to expenses which are due but unpaid as of June 30, 2024 including: accounts, intergovernmental, accrued interest payable and accrued wages and benefits. Long-term obligations are detailed in Note 8 and include lease payable, net pension liability, and net OPEB liability. Net pension/OPEB liability should be recognized to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the deferred outflows of resources related to pensions/OPEB, 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 plans. 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.

L. 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.

M. Prepayments

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 amounts is recorded at the time of the payment by the School and the expense is recorded when used. Prepayments at June 30, 2024 consist primarily of rental and technology fees.

N. Unearned Revenue

If the School receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent. The School did not have any unearned revenue at fiscal year-end.

3. DEPOSITS

At June 30, 2024, the carrying amount of the School's deposits totaled \$733,099 and its bank balance was \$747,549. Based on the criteria described in GASB Statement No. 40, "*Deposit and Investment Risk Disclosure*", as of June 30, 2024, \$497,549 of the bank balance was exposed to custodial credit risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School has no deposit policy for custodial risk.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

4. RECEIVABLES

Accounts receivable at June 30, 2024 consisted of \$1,523,556 due from K12 for the Balanced Budget Credit (see Note 15 for detail) and \$1,417 in miscellaneous receivables.

Intergovernmental receivables at June 30, 2024 consisted of Federal grant revenues which are considered collectible in full, due to the stable condition of State programs, and the current year guarantee of Federal funds. These receivables are expected to be collected in the subsequent year. Intergovernmental receivables are listed as follows:

Program	Amount
ESSER III	\$ 33,549
Title I	89,310
Title I School Improvement	47,647
Title IIA	27,226
Expanding Opportunities	1,666
Student Wellness and Success	660
State Foundation	13,768
Hybrid Funding	1,226,885
<i>Total Intergovernmental Receivable</i>	<u>\$ 1,440,711</u>

5. INSTRUCTION

Approximately 93 percent of operating expenditures are used to provide direct instruction to students. Costs by various categories are as follows:

Service Type	Amount
Teacher Salaries, Benefits and Expenses	\$ 2,821,333
Student On-Line Curriculum	7,635
Student Computers, Internet and Technology	1,624,737
Instructional Materials Expense	3,003,690
Pupil Support Salaries, Benefits and Expenses	838,289
Special Education Services	111,494
<i>Total</i>	<u>\$ 8,407,178</u>

6. RISK MANAGEMENT

A. Property and Liability

The School 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. For the fiscal year ended June 30, 2024, the School obtained liability insurance through Arthur J. Gallagher with the following insurance coverage:

General Aggregate Limit (other than Products - Completed Operations)	\$3,000,000
Products - Completed Operations Aggregate Limit	3,000,000
Personal & Advertising Limit	1,000,000
Each Occurrence Limit	1,000,000
Fire Damage Limit	100,000
Medical Expense Limit	5,000

Settled claims have not exceeded these coverages in the past three years, nor has there been a significant reduction in coverage from the prior year.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

6. RISK MANAGEMENT - (CONTINUED)

B. Workers' Compensation

The School contracts with Insperity to provide payroll processing services. Insperity covers employee workers compensation and charges the School to cover the cost.

C. Employee Medical, Dental, Vision, Prescription and Life Benefits

The School contracts with Insperity to provide employee Medical, Dental, Vision, Prescription and Life Benefits.

7. CAPITAL ASSETS

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

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024
Capital assets, being depreciated/amortized				
Equipment	\$ - \$ 38,876	\$ -	\$ -	\$ 38,876
Intangible right to use:				
Leased building	254,636	154,934	(254,636)	154,934
Leased equipment	7,296	9,485	(7,296)	9,485
Software	<u>19,525</u>	<u>-</u>	<u>-</u>	<u>19,525</u>
Total capital assets, being depreciated/amortized	<u>281,457</u>	<u>203,295</u>	<u>(261,932)</u>	<u>222,820</u>
<i>Less: accumulated depreciation/amortization:</i>				
Equipment	-	(7,775)	-	(7,775)
Intangible right to use:				
Leased building	(169,758)	(53,442)	205,124	(18,076)
Leased equipment	(4,608)	(1,909)	5,568	(949)
Software	<u>(4,594)</u>	<u>(13,782)</u>	<u>-</u>	<u>(18,376)</u>
Total accumulated depreciation/amortization	<u>(178,960)</u>	<u>(76,908)</u>	<u>210,692</u>	<u>(45,176)</u>
Capital assets, net	<u>\$ 102,497</u>	<u>\$ 126,387</u>	<u>\$ (51,240)</u>	<u>\$ 177,644</u>

THIS SPACE IS INTENTIONALLY LEFT BLANK

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

8. LONG-TERM OBLIGATIONS

The School's long-term obligations activity during fiscal year 2024 consisted of the following.

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due in One Year
Leases payable	\$ 91,540	\$ 164,419	\$ (109,173)	\$ 146,786	\$ 30,488
Net pension liability:					
STRS	2,539,091	461,869	-	3,000,960	-
SERS	1,145,909	-	(10,766)	1,135,143	-
Total net pension liability	<u>3,685,000</u>	<u>461,869</u>	<u>(10,766)</u>	<u>4,136,103</u>	-
Net OPEB liability:					
SERS	276,833	31,461	-	308,294	-
Total long-term obligations	<u>\$ 4,053,373</u>	<u>\$ 657,749</u>	<u>\$ (119,939)</u>	<u>\$ 4,591,183</u>	<u>\$ 30,488</u>

Leases Payable

The School has entered into lease agreements for the right to use building and equipment. In accordance with GASB Statement No. 87, the School has reported a capital asset for intangible right to use, leased building and equipment and a corresponding liability for the future scheduled payments under the lease agreement.

The School entered into a lease agreement for an office facility that commenced May 15, 2019 and was scheduled to terminate on June 30, 2024. On November 13, 2023, the School entered into a new lease agreement in the amount of \$154,934 for an office facility at the same location in a different suite with less square footage, effective December 1, 2023. The new agreement effectively terminated the remaining months of the existing lease. The new lease commenced December 1, 2023 and is scheduled to terminate on November 30, 2028. A reduction in the lease payable liability of \$52,326 was reported in fiscal year 2024 for the termination. Total lease principal payments for the office facility were \$53,177 for fiscal year 2024.

The School entered into a lease agreement for office equipment in a prior fiscal year. The lease commenced September 1, 2019 and was scheduled to terminate on August 31, 2024. The lease was terminated in November 2023, resulting in a reduction of \$1,787 to the lease liability in fiscal year 2024. Total lease principal payments were \$975 for the year ended June 30, 2024.

The School entered into a lease agreement for office equipment during fiscal year 2024 in the amount of \$9,485. The lease commenced January 1, 2024 and terminates on December 31, 2028. Total lease principal payments were \$908 for the year ended June 30, 2024.

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

Fiscal Year	Leases Payable			Total
	Principal	Interest		
2025	\$ 30,488	\$ 6,492	\$ 36,980	
2026	32,011	4,969	36,980	
2027	33,609	3,371	36,980	
2028	35,289	1,691	36,980	
2029	<u>15,389</u>	<u>189</u>	<u>15,578</u>	
Total	<u>\$ 146,786</u>	<u>\$ 16,712</u>	<u>\$ 163,498</u>	

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

8. LONG-TERM OBLIGATIONS - (Continued)

Net Pension Liability: See Note 9 for information on the School's net pension liability.

Net OPEB Liability: See Note 10 for information on the School's net OPEB liability.

9. DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

The net pension/OPEB liability (asset) represent the School's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School's contractually required contribution to SERS was \$103,797 for fiscal year 2024. Of this amount, \$4,481 is reported as intergovernmental payable.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The School's contractually required contribution to STRS was \$276,607 for fiscal year 2024. Of this amount, \$52,847 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School'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 prior measurement date	0.02118610%	0.01142185%	
Proportion of the net pension liability current measurement date	<u>0.02054370%</u>	<u>0.01393531%</u>	
Change in proportionate share	<u>-0.00064240%</u>	<u>0.00251346%</u>	
Proportionate share of the net pension liability	\$ 1,135,143	\$ 3,000,960	\$ 4,136,103
Pension expense	\$ 138,631	\$ 853,400	\$ 992,031

At June 30, 2024, the School 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	\$ 48,791	\$ 109,409	\$ 158,200
Changes of assumptions	8,041	247,144	255,185
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	1,203,960	1,203,960
Contributions subsequent to the measurement date	103,797	276,607	380,404
Total deferred outflows of resources	<u>\$ 160,629</u>	<u>\$ 1,837,120</u>	<u>\$ 1,997,749</u>

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 6,658	\$ 6,658
Net difference between projected and actual earnings on pension plan investments	15,958	8,993	24,951
Changes of assumptions	-	186,029	186,029
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	65,157	-	65,157
Total deferred inflows of resources	<u>\$ 81,115</u>	<u>\$ 201,680</u>	<u>\$ 282,795</u>

\$380,404 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ (39,881)	\$ 575,615	\$ 535,734
2026	(52,182)	301,988	249,806
2027	66,935	397,700	464,635
2028	845	83,530	84,375
Total	<u>\$ (24,283)</u>	<u>\$ 1,358,833</u>	<u>\$ 1,334,550</u>

Actuarial Assumptions - SERS

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

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

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

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

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

COLA or ad hoc COLA:

Current measurement date	2.00%
Prior measurement date	2.00%

Investment rate of return:

Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses

Discount rate:

Current measurement date	7.00%
Prior measurement date	7.00%

Actuarial cost method

Entry age normal (level percent of payroll)

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
School's proportionate share of the net pension liability	\$ 1,675,416	\$ 1,135,143	\$ 680,070

THIS SPACE IS INTENTIONALLY LEFT BLANK

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

* Final target weights reflected at October 1, 2022.

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

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
School's proportionate share of the net pension liability	\$ 4,614,813	\$ 3,000,960	\$ 1,636,083

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

10. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School's surcharge obligation was \$3,950.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$3,950 for fiscal year and is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. 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/asset prior measurement date	0.01971730%	0.01142185%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01871350%</u>	<u>0.01393531%</u>	
Change in proportionate share	<u>-0.00100380%</u>	<u>0.00251346%</u>	
Proportionate share of the net OPEB liability	\$ 308,294	\$ -	\$ 308,294
Proportionate share of the net OPEB asset	\$ -	\$ (271,023)	\$ (271,023)
OPEB expense	\$ 46,374	\$ (18,826)	\$ 27,548

At June 30, 2024, the School 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	\$ 645	\$ 423	\$ 1,068
Net difference between projected and actual earnings on OPEB plan investments	2,389	487	2,876
Changes of assumptions	104,246	39,923	144,169
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	255,410	4,774	260,184
Contributions subsequent to the measurement date	3,950	-	3,950
Total deferred outflows of resources	<u>\$ 366,640</u>	<u>\$ 45,607</u>	<u>\$ 412,247</u>
 Deferred inflows of resources			
Differences between expected and actual experience	\$ 158,997	\$ 41,342	\$ 200,339
Changes of assumptions	87,558	178,816	266,374
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	72,628	9,613	82,241
Total deferred inflows of resources	<u>\$ 319,183</u>	<u>\$ 229,771</u>	<u>\$ 548,954</u>

\$3,950 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ 33,892	\$ (79,386)	\$ (45,494)
2026	40,140	(36,459)	3,681
2027	23,242	(13,854)	9,388
2028	(11,762)	(19,946)	(31,708)
2029	(20,758)	(18,716)	(39,474)
Thereafter	<u>(21,247)</u>	<u>(15,803)</u>	<u>(37,050)</u>
Total	<u><u>\$ 43,507</u></u>	<u><u>\$ (184,164)</u></u>	<u><u>\$ (140,657)</u></u>

Actuarial Assumptions - SERS

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

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

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

THIS SPACE IS INTENTIONALLY LEFT BLANK

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

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

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense, including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

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

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

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

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

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

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

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

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

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

	Current Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net OPEB liability	\$ 394,089	\$ 308,294	\$ 240,642
	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	\$ 226,493	\$ 308,294	\$ 416,692

Actuarial Assumptions - STRS

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

	June 30, 2023		June 30, 2022	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

10. DEFINED BENEFIT OPEB PLANS (Continued)

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

	Current		
	1% Decrease	Discount Rate	1% Increase
School's proportionate share of the net OPEB asset	\$ 229,385	\$ 271,023	\$ 307,284
School's proportionate share of the net OPEB asset	Current		
	1% Decrease	Trend Rate	1% Increase
	\$ 308,967	\$ 271,023	\$ 225,319

11. CONTINGENCIES

A. Grants

The School received financial assistance from State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions as 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 of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2024.

B. State Foundation 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.

As of the date of this report, additional ODEW adjustments have been completed.

In addition, the School's contracts with its Sponsor and Management Company require payment based on revenues received from the State. Additional reconciliations necessary with these contracts have been reflected in the fiscal year 2024 financial statements.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

12. PURCHASED SERVICE EXPENSES

For the fiscal year ended June 30, 2024, purchased service expenses were payments for services rendered by various vendors, as follows:

Service Type	Amount
Professional/Technical Services	\$ 805,960
Property Services	233,306
Communications	52,076
Travel	72,488
Contracted Trade Services	6,538
<i>Total</i>	<u>\$ 1,170,368</u>

13. TAX EXEMPT STATUS

The School was approved for tax exempt status under § 501C(3) of the Internal Revenue Code.

14. MANAGEMENT AGREEMENT

The School entered into a five-year contract, effective July 1, 2019 through June 30, 2024, with K12 Virtual Schools, L.L.C. (K12) for educational, administrative and technology services. Per the management agreement, K12 is entitled to 15% percent of revenues as an administrative fee (management) and 7% of revenues as a technology fee. The educational services are purchased at the prevailing rate charged by K12 Inc. to its partner schools. Terms of the contract require K12. To provide the following:

A. Administrative services:

- Personnel and facility management
- Administration of all business aspects and day-to-day management of the School
- Budgeting and financial reporting and the annual reports
- Financial management
- Maintenance of financial and student records
- Pupil recruitment, admissions and student discipline
- Rules and procedures and nondiscrimination requirements
- Public relations
- Teacher effectiveness and training
- Sponsor policies and charter renewal

B. Technology services:

- 24/7 monitoring of production services. i.e., SIMS and the on-line learning management system
- Monitor and analyze data, as necessary
- Report on pupils' academic performance
- Seek and secure competitive pricing and discounts for School, as available
- Provide training to staff, as deemed necessary
- Develop community tools on the School's website and K12 platform
- Determine hardware configurations (including software and operating systems)
- Provide onsite and telephone support for the School Administration in troubleshooting system errors
- Telephone support for students
- Propose policies and procedures regarding the responsible use of computer equipment
- Support teachers and associates in answering technology related questions from students, parents, teachers and administrators
- Ensure electronic integrity of student records (through the use of encryption, firewalls, etc.)
- Provide web-filtering device

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

14. MANAGEMENT AGREEMENT - (Continued)

- Provide online enrollment, registration and placement services,
- Provide email accounts for school employees
- Coordinate web hosting contracts and relationships with vendors across the state as needed

C. Educational products and services:

- Curriculum
- Instructional tools and materials
- Instructional support
- Computers
- Testing support

15. K12 INC. MANAGEMENT COMPANY DISCLOSURE

For the fiscal year ended June 30, 2024, K12 Inc. incurred the following expenses in support of the School:

Direct Expenses (Object Code)	Regular Instruction (1100 Function) Codes)	Special Instruction (1200 Function) Codes)	Support Services (2000 Function) Codes)	Non-Instructional (3000 through (7000 Function) Codes)	Total
Salaries and Wages (100)	\$ -	\$ -	\$ 781,299	-	\$ 781,299
Employees' Benefits (200)	-	-	154,102	-	154,102
Professional & Technical Services (410)	-	-	207,075	-	207,075
Property Services (420)	-	-	25,071	-	25,071
Travel (430)	-	-	20,770	-	20,770
Communications (440)	-	-	346,375	-	346,375
Contracted Craft or Trade Services (460)	-	-	3,040	-	3,040
Other Purchased Services (490)	-	-	29,446	-	29,446
Books, Periodicals, & Films (520, 530, 540)	113,423	28,931	-	-	142,354
Other Supplies (510, 550, 570, 580, 590)	-	-	148,497	-	148,497
Depreciation	-	-	-	169,077	169,077
Interest (820)	-	-	-	(85,722)	(85,722)
Dues and Fees (840)	-	-	96,372	-	96,372
Other Direct Costs (all other object codes)	-	-	172,168	-	172,168
<i>Total Allocated Direct Expenses</i>	<u>113,423</u>	<u>28,931</u>	<u>1,984,215</u>	<u>83,355</u>	<u>2,209,924</u>
<i>Overhead</i>	<u>-</u>	<u>-</u>	<u>1,002,860</u>	<u>-</u>	<u>1,002,860</u>
<i>Total Direct Expenses and Overhead</i>	<u>\$ 113,423</u>	<u>\$ 28,931</u>	<u>\$ 2,987,075</u>	<u>\$ 83,355</u>	<u>\$ 3,212,784</u>

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

15. K12 INC. MANAGEMENT COMPANY DISCLOSURE - (CONTINUED)

Overhead expenses were allocated to the School based on the ratio of revenue earned from the School to total revenue from all schools managed by K12.

16. SPONSOR

The School was approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor) for a period of five academic years commencing on July 1, 2019 through June 30, 2024. As part of this contract, the Sponsor is paid an oversight fee which is 3 percent of the total State Foundation funds received during the year. The total amount paid to the Sponsor for fiscal year 2024 was \$248,314.

17. BALANCED BUDGET CREDITS

The School and K12 agreed to take all reasonable steps necessary to avoid a deficit net position at fiscal year-end, excluding adjustments related to GASB Statements No. 68 and 75, during the term. At the end of the year, if necessary, based on the School's audited financial statements, K12 will issue sufficient credits, Balanced Budget Credits, during the term to be applied to K12 invoices. If the cumulative total of Balanced budget Credit exceeds the total of the administrative services fee and the technology fee due to K12 for the current fiscal year, K12 can issue additional credits as needed. All Balanced Budget Credits shall be accounted for and documented.

If the School's budget ends a fiscal year in a positive net position, as evidenced by its audited financial statements in accordance with GAAP, and K12 has issued Balanced Budget Credits, the Board and K12 will remit to K12 the Positive Net Position for the fiscal year, to the extent not prohibited by law, up to the cumulative amount of previously issued Balanced Budget Credits.

For the year ended June 30, 2024, the School received a Balanced Budget Credit of \$1,523,556 that is applicable to fiscal year 2024.

18. CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

For fiscal year 2024, the School 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 School.

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 School.

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 School.

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY**

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

18. CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

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 school

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR AND FIVE FISCAL YEARS

Fiscal Year (1) (2)	School's Proportion of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability	School's Covered Payroll	School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.02054370%	\$ 1,135,143	\$ 810,157	140.11%	76.06%
2023	0.02118610%	1,145,909	773,450	148.16%	75.82%
2022	0.02328430%	859,123	248,693	345.46%	82.86%
2021	0.01624500%	1,074,479	140,257	766.08%	68.55%

Fiscal Year (2)	Contributions in Relation to the Contractually Required Contributions			School's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)		
2024	\$ 103,797	\$ (103,797)	\$ -	\$ 741,407	14.00%
2023	113,422	(113,422)	-	810,157	14.00%
2022	108,283	(108,283)	-	773,450	14.00%
2021	34,817	(34,817)	-	248,693	14.00%
2020	19,636	(19,636)	-	140,257	14.00%

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

(2) Fiscal year 2020 was the first year of operations for the School. The School will continue to present information for years available until a ten-year trend is available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR AND FIVE FISCAL YEARS

Fiscal Year (1) (2)	School's Proportion of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability	School's Covered Payroll	School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.01393531%	\$ 3,000,960	\$ 1,830,729	163.92%	80.02%
2023	0.01142185%	2,539,091	1,531,521	165.79%	78.88%
2022	0.00904801%	1,156,869	1,189,121	97.29%	87.78%
2021	0.00479278%	1,159,682	688,143	168.52%	75.48%

Fiscal Year (2)	Contributions in Relation to the Contractually Required Contributions			School's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)		
2024	\$ 276,607	\$ (276,607)	\$ -	\$ 1,975,764	14.00%
2023	256,302	(256,302)	-	1,830,729	14.00%
2022	214,413	(214,413)	-	1,531,521	14.00%
2021	166,477	(166,477)	-	1,189,121	14.00%
2020	96,340	(96,340)	-	688,143	14.00%

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

(2) Fiscal year 2020 was the first year of operations for the School. The School will continue to present information for years available until a ten-year trend is available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR AND FIVE FISCAL YEARS

Fiscal Year (1) (2)	School's Proportion of the Net OPEB Liability	School's Proportionate Share of the Net OPEB Liability	School's Covered Payroll	School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.01871350%	\$ 308,294	\$ 810,157	38.05%	30.02%
2023	0.01971730%	276,833	773,450	35.79%	30.34%
2022	0.02107670%	398,894	248,693	160.40%	24.08%
2021	0.01484160%	322,557	140,257	229.98%	18.17%

Fiscal Year (2)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 3,950	\$ (3,950)	\$ -	\$ 741,407	1.00%
2023	592	(592)	-	810,157	0.07%
2022	2,925	(2,925)	-	773,450	0.38%
2021	-	-	-	248,693	0.00%
2020	-	-	-	140,257	0.00%

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

(2) Fiscal year 2020 was the first year of operations for the School. The School will continue to present information for years available until a ten-year trend is available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR AND FIVE FISCAL YEARS

Fiscal Year (1) (2)	School's Proportion of the Net OPEB Liability/(Asset)	School's Proportionate Share of the Net OPEB Liability/(Asset)	School's Covered Payroll	School's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.01393531%	\$ (271,023)	\$ 1,830,729	14.80%	168.52%
2023	0.01142185%	(295,750)	1,531,521	19.31%	230.73%
2022	0.00904801%	(190,770)	1,189,121	16.04%	174.73%
2021	0.00479278%	(84,233)	688,143	12.24%	182.10%

Fiscal Year (2)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 1,975,764	0.00%
2023	-	-	-	1,830,729	0.00%
2022	-	-	-	1,531,521	0.00%
2021	-	-	-	1,189,121	0.00%
2020	-	-	-	688,143	0.00%

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

(2) Fiscal year 2020 was the first year of operations for the School. The School will continue to present information for years available until a ten-year trend is available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

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

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

Changes in assumptions:

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

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

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**OHIO DIGITAL LEARNING SCHOOL
LUCAS COUNTY, OHIO**

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

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

Change in assumptions:

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Ohio Digital Learning School
Lucas County, Ohio
1745 Indian Wood Circle
Maumee, Ohio 43537

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 Ohio Digital Learning School, Lucas County, Ohio (the "School"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated March 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 entity'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.

Ohio Digital Learning School
Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Page 2 of 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Dublin, Ohio
March 25, 2025

OHIO AUDITOR OF STATE KEITH FABER



OHIO DIGITAL LEARNING SCHOOL

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/24/2025

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