



# OHIO CONNECTIONS ACADEMY FRANKLIN COUNTY, OHIO

***SINGLE AUDIT***

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024



Rea & associates

[www.reacpa.com](http://www.reacpa.com)





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Board of Directors  
Ohio Connections Academy  
130 East Wilson Bridge Road, Suite 25  
Worthington, Ohio 43085

We have reviewed the *Independent Auditor's Report* of the Ohio Connections Academy, Franklin 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. The Ohio Connections Academy is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

February 20, 2025

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**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Ohio Connections Academy  
130 East Wilson Bridge Road, Suite 25  
Worthington, Ohio 43085

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Connections Academy, Franklin 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 Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024 on our consideration of the Academy'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 Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Medina, Ohio  
December 20, 2024

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The discussion and analysis of the financial performance of the Ohio Connections Academy, Franklin County, Ohio (the Academy), provides an overview of the Academy's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy'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 fiscal year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- For fiscal years 2024 and 2023, total assets and deferred outflows of resources were \$12,372,508 and \$14,633,600.
- For fiscal years 2024 and 2023, total liabilities and deferred inflows of resources were \$28,863,004 and \$30,230,238.
- For fiscal years 2024 and 2023, total net position deficit was \$(16,490,496) and \$(15,596,638).
- For fiscal year 2024, operating revenue increased \$4,157,285 as FTE increased to 4,879.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the financial position of the Academy. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. The Statement of Net Position represents the basic statement of position for the Academy. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total position. The Statement of Cash Flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**REPORTING THE ACADEMY AS A WHOLE**

The view of the Academy as a whole looks at all financial transactions and asks, “How did we do financially during 2024?” The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position answer this question. These statements include *all assets* and *deferred outflows of resources* and *liabilities* and *deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy’s *net position* and change in net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**FINANCIAL ANALYSIS**

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the Academy’s condensed financial information derived from the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

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**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Table 1 provides a summary of the Academy's Net Position for fiscal years 2024 and 2023:

| Table 1<br>Statement of Net Position  |                        |                        |
|---------------------------------------|------------------------|------------------------|
|                                       | 2024                   | 2023                   |
| <b>Assets</b>                         |                        |                        |
| Current Assets                        | \$ 4,457,132           | \$ 4,046,086           |
| Non Current Assets                    | <u>1,701,183</u>       | <u>2,334,012</u>       |
| Total Assets                          | <u>6,158,315</u>       | <u>6,380,098</u>       |
| <b>Deferred Outflows of Resources</b> | <u>6,214,193</u>       | <u>8,253,502</u>       |
| <b>Liabilities</b>                    |                        |                        |
| Current Liabilities                   | 4,439,395              | 4,031,264              |
| Non-Current Liabilities               | <u>20,890,911</u>      | <u>21,872,338</u>      |
| Total Liabilities                     | <u>25,330,306</u>      | <u>25,903,602</u>      |
| <b>Deferred Inflows of Resources</b>  | <u>3,532,698</u>       | <u>4,326,636</u>       |
| <b>Net Position</b>                   |                        |                        |
| Investment in Capital Assets          | 1,424                  | -                      |
| Restricted for OPEB                   | 1,699,759              | -                      |
| Unrestricted                          | <u>(18,191,679)</u>    | <u>(15,596,638)</u>    |
| Total Net Position                    | <u>\$ (16,490,496)</u> | <u>\$ (15,596,638)</u> |

Current assets represent cash and cash equivalents, grant receivable, intergovernmental receivable, other assets, and other receivables. Current liabilities represent contracts payable accounts payable, unearned revenue, and accrued expenses.

Current assets increased due primarily to the increase in cash and cash equivalents from operations offset by decreases in grant receivables. Current liabilities increased due to the increase in contracts payable offset by decreases in accrued expenses. Changes in deferred outflows of resources, deferred inflows of resources and long term liabilities are a result of accounting for pensions and postemployment benefits due to changes in Pension and OPEB accruals.

Contracts payable increased due to an increase in FTE and remaining year end outstanding obligations to Connections Education. Cash and cash equivalents increased due to operations and timing of final obligations due to Connections Education and Federal grants receivable decreased due to timing of the reimbursement requests at year end.

Over time, net position can serve as a useful indicator of a governments financial position. At June 30, 2024, the Academy's net position totaled (\$16,490,496).

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**OTHER INFORMATION**

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2024 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The Academy also implemented in a prior year GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and Net OPEB Asset. Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability* or *net OPEB Asset/liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the School’s proportionate share of each plan’s collective:

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

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

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

There was a significant change in net pensions/OPEB asset/liability for the Academy. These fluctuations are due to changes in the actuarial asset/liabilities and related accruals that are passed through to the Academy's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred inflows/outflows and net pension liability, net OPEB liability, and net OPEB asset and are described in more detail in their respective notes.

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**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Table 2 shows the changes in Net Position for fiscal years 2024 and 2023:

**Table 2  
Change in Net Position**

|                                     | <b>2024</b>                | <b>2023</b>                  |
|-------------------------------------|----------------------------|------------------------------|
| <b>Operating Revenues</b>           |                            |                              |
| Foundation Payments                 | \$ 36,373,906              | \$ 32,216,621                |
| Total Operating Revenues            | <u>36,373,906</u>          | <u>32,216,621</u>            |
| <b>Operating Expenses</b>           |                            |                              |
| Purchased Services                  | 43,198,511                 | 40,969,910                   |
| Retirement Expense                  | 2,765,512                  | 3,551,070                    |
| Depreciation / Amortization         | 548                        | -                            |
| Total Operating Expenses            | <u>45,964,571</u>          | <u>44,520,980</u>            |
| <b>Operating Income (Loss)</b>      | (9,590,665)                | (12,304,359)                 |
| <b>Non-Operating Revenues</b>       |                            |                              |
| Federal and State Restricted Grants | 8,077,674                  | 10,383,816                   |
| Interest Income                     | 140,150                    | 52,519                       |
| Other Intergovernmental Revenues    | 478,983                    | 493,704                      |
| <b>Total Non-Operating Revenues</b> | <u>8,696,807</u>           | <u>10,930,039</u>            |
| <b>Change in Net Position</b>       | <u><u>\$ (893,858)</u></u> | <u><u>\$ (1,374,320)</u></u> |

For fiscal year 2024, operating revenues increased by \$4,157,285. The increase in operating revenues and purchase services in fiscal year 2024 was driven by an increase in student FTE and increases in per pupil funding. The FTE increased by 53 during fiscal year 2024. The Academy operates as a one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds are not included in the discussion and analysis. Results of fiscal years 2024 and 2023 operations reflect ending net position of \$(16,490,496) and \$(15,596,638), respectively. The decrease in retirement expense is a result of pension/OPEB related accruals previously discussed. The decrease in federal and state restricted grants is due to reduced allocations of federal COVID funding.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENTS DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Academy used Federal Implementation Grant funds to purchase furniture and fixtures and computers for its office. This represents the only capital assets owned by the Academy. Capital asset information is summarized in Note 4 to the basic financial statements. The Academy is reporting a balance of \$1,424 in capital assts, net of accumulated depreciation at June 30, 2024. The Academy has no long-term debt outstanding.

**CONTACTING THE ACADEMY'S MANAGEMENT**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact C. David Massa, CPA, Massa Financial Solutions, LLC, 1030 North Main Street, North Canton, Ohio 44720 or e-mail at [dave@massasolutionsllc.com](mailto:dave@massasolutionsllc.com)

**OHIO CONNECTIONS ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Net Position**  
**June 30, 2024**

**Assets:**

**Current Assets:**

|                              |                  |
|------------------------------|------------------|
| Cash and Cash Equivalents    | \$ 3,431,097     |
| Intergovernmental Receivable | 208,433          |
| Grants Receivable            | 641,904          |
| Other Receivable             | 150,000          |
| Other Assets                 | 25,698           |
| <b>Total Current Assets</b>  | <b>4,457,132</b> |

**Noncurrent Assets:**

|  |                  |
|--|------------------|
| Net OPEB Asset   | 1,699,759        |
| Capital Assets, net of Accumulated Depreciation / Amortization | 1,424            |
| <b>Total Non-Current Assets</b>                                | <b>1,701,183</b> |

**Total Assets**

6,158,315

**Deferred Outflows of Resources:**

|   |                  |
|---|------------------|
| Pension (STRS & SERS) Outflows              | 5,605,297        |
| OPEB (STRS & SERS) Outflows                 | 608,896          |
| <b>Total Deferred Outflows of Resources</b> | <b>6,214,193</b> |

**Liabilities:**

**Current Liabilities:**

|                                  |                  |
|----------------------------------|------------------|
| Accounts Payable                 | 2,160            |
| Accrued Expenses                 | 1,240,734        |
| Contracts Payable                | 2,996,272        |
| Unearned Revenue                 | 200,229          |
| <b>Total Current Liabilities</b> | <b>4,439,395</b> |

**Noncurrent Liabilities:**

|                                     |                   |
|-------------------------------------|-------------------|
| Net Pension Liability               | 20,441,645        |
| Net OPEB Liability                  | 449,266           |
| <b>Total Noncurrent Liabilities</b> | <b>20,890,911</b> |

|  |                   |
|--|-------------------|
| <b>Total Liabilities</b>                   | <b>25,330,306</b> |
| Pension (STRS & SERS)                      | 1,788,375         |
| OPEB (STRS & SERS)                         | 1,744,323         |
| <b>Total Deferred Inflows of Resources</b> | <b>3,532,698</b>  |

**Net Position:**

|                                |                        |
|--------------------------------|------------------------|
| Investment in Capital Assets   | 1,424                  |
| Restricted Net Position - OPEB | 1,699,759              |
| Unrestricted Net Position      | (18,191,679)           |
| <b>Total Net Position</b>      | <b>\$ (16,490,496)</b> |

See Accompanying Notes to the Basic Financial Statements

**OHIO CONNECTIONS ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2024**

**Operating Revenues:**

|                                 |                          |
|---------------------------------|--------------------------|
| Foundation Payments - Regular   | \$ 36,373,906            |
| <b>Total Operating Revenues</b> | <b><u>36,373,906</u></b> |

**Operating Expenses:**

|                                 |                          |
|---------------------------------|--------------------------|
| Purchased Services              | 43,198,511               |
| Retirement Expense              | 2,765,512                |
| Depreciation / Amortization     | 548                      |
| <b>Total Operating Expenses</b> | <b><u>45,964,571</u></b> |

**Operating Income (Loss)** (9,590,665)

**Non-Operating Revenues:**

|                                     |                         |
|-------------------------------------|-------------------------|
| Federal and State Restricted Grants | 8,077,674               |
| Other Intergovernmental Revenue     | 478,983                 |
| Interest Income                     | 140,150                 |
| <b>Total Non-Operating Revenues</b> | <b><u>8,696,807</u></b> |

**Change in Net Position** (893,858)

|   |                               |
|---|-------------------------------|
| <b>Net Position - Beginning of Year</b> | <b><u>(15,596,638)</u></b>    |
| <b>Net Position - End of Year</b>       | <b><u>\$ (16,490,496)</u></b> |

See Accompanying Notes to the Basic Financial Statements

**OHIO CONNECTIONS ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |                     |
|--|---------------------|
| State Aid Receipts                                   | \$ 36,312,214       |
| Cash Payments to Suppliers for Goods and Services    | <u>(44,661,367)</u> |
| Net Cash Provided By (Used For) Operating Activities | <u>(8,349,153)</u>  |

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

|  |                  |
|--|------------------|
| Federal and State Grant Receipts                     | 9,118,343        |
| Other Intergovernmental Sources                      | <u>478,983</u>   |
| Net Cash Provided By Noncapital Financing Activities | <u>9,597,326</u> |

**CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES**

|  |                |
|--|----------------|
| Purchase of Assets   | (1,972)        |
| Net Cash Provided By (Used For) Capital and Related Financing Activities | <u>(1,972)</u> |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|   |                |
|---|----------------|
| Interest Income                           | 140,150        |
| Net Cash Provided By Investing Activities | <u>140,150</u> |

**Net Increase/(Decrease) in Cash and Cash Equivalents** 1,386,351

|   |                     |
|---|---------------------|
| Cash and Cash Equivalents - Beginning of the Year | 2,044,746           |
| Cash and Cash Equivalents - Ending of the Year    | <u>\$ 3,431,097</u> |

**OHIO CONNECTIONS ACADEMY - FRANKLIN COUNTY, OHIO**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**  
**(Continued)**

| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b> |                           |
|--|---------------------------|
| Operating Income (Loss)  | (9,590,665)               |
| <b>Adjustments to Reconcile Operating Income (Loss) to</b>   |                           |
| <b>Net Cash Provided By (Used For) Operating Activities:</b>   |                           |
| Depreciation   | 548                       |
| Changes in Assets, Liabilities, and Deferred Inflows and Outflows:                                       |                           |
| (Increase)/ Decrease in Intergovernmental Receivable   | 88,308                    |
| (Increase)/ Decrease in Other Receivables  | (150,000)                 |
| (Increase)/ Decrease in Other Assets   | (3,672)                   |
| (Increase)/ Decrease in Net OPEB Asset   | 634,253                   |
| (Increase)/ Decrease in Deferred Outflows Pension/OPEB   | 2,039,309                 |
| Increase/(Decrease) in Accounts Payable  | 2,160                     |
| Increase/(Decrease) in Accrued Expenses  | (138,425)                 |
| Increase/(Decrease) in Unearned Revenue  | 200,229                   |
| Increase/(Decrease) in Contracts Payable   | 344,167                   |
| Increase/ (Decrease) in Net Pension Liability  | (1,075,404)               |
| Increase/ (Decrease) in Net OPEB Liability   | 93,977                    |
| Increase/ (Decrease) in Deferred Inflows Pension/OPEB  | (793,938)                 |
| <b>Net Cash Provided By (Used For) Operating Activities</b>  | <b><u>(8,349,153)</u></b> |

See Accompanying Notes to the Basic Financial Statements

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 – DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY**

Ohio Connections Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The mission of the Academy is to leverage technology on behalf of students who need a more personalized approach to education to maximize their potential and meet the highest performance standards. This mission is accomplished through a uniquely individualized learning program that combines the best in virtual education with very real connections among students, family, teachers, and the community. Every Academy student has a Personalized Learning Plan and an entire team of adults (including a parent or other learning coach and an Ohio-certified teacher) committed to the student's successful fulfillment of that plan. The Academy is a high-quality, high-tech, high-touch virtual "school without walls" that brings out the best in every student through Personalized Performance Learning.

The Academy was approved for operation under a contract with the Ohio Council of Community Schools, the Sponsor, which was subsequently renewed for an additional ten year term ending June 30, 2032. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy operates under the direction of a six-member Board of Directors (the Board). The Board of Directors may not be fewer than five nor more than eleven members. At least three Directors will be as follows:

- (a) At least one Director shall be the parent of one or more students enrolled in the Academy,
- (b) At least one Director shall be a generally recognized community leader in the area served by the Academy, and
- (c) At least one Director shall be an educator or have experience in education.

Additionally, the Academy entered into a contract on August 7, 2003, with Connections Academy Inc. for curriculum, school management services, instruction, technology and other services, which was restated and assigned to Connections Academy of Ohio, LLC ("CA") on July 1, 2016, with an expiration date of June 30, 2023, which was subsequently renewed for an additional ten year term ending June 30, 2032. (See Note 8).

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

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (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 Academy's accounting policies are described below.

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

**A. Basis of Presentation**

**Enterprise Accounting**

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

**C. Budgetary Process**

Community Schools are statutorily required to adopt a budget by ORC 3314.032(C). However, unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set for in Ohio Revised Code Chapter 5705 (with the exception 5705.391 – Five Year Forecasts), unless specifically provided for the Academy's sponsorship agreement. The contract between the Academy and its Sponsor does not require the Academy to follow the provisions of ORC 5705; therefore, no budgetary information is presented in the basic financial statements.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**D. Cash and Cash Equivalents**

Cash held by the Academy is reflected as “Cash and Cash Equivalents” on the statement of net position. Unless otherwise noted, all monies received by the Academy are pooled and deposited in a central bank account as demand deposits and a money market account. Investments with an initial maturity of more than 3 months are reported as investments. During fiscal year 2024, the Academy held no investments.

**E. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program and payments of \$36,373,906 are recognized as operating revenues in the accompanying financial statements. Federal and State grants awarded and received in fiscal year 2024 totaled \$8,077,674. Grants and entitlements and other intergovernmental revenues of \$478,983 are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the Academy’s policy to use restricted resources first, then unrestricted resources as they are needed.

**F. Capital Assets**

Capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of \$1,000 dollars. The Academy does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

|                        |         |
|------------------------|---------|
| Furniture and Fixtures | 7 years |
| Equipment              | 5 years |
| Computers              | 3 years |

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

**G. Net Position**

Net Position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available. Net position invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

**H. Operating Revenues and Expenses**

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

**I. Estimates**

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

**J. Accrued Liabilities and Long-Term Liabilities**

Obligations incurred but unpaid at June 30 are reported as accrued expenses and contracts payable in the accompanying financial statements. The Academy's only long-term liabilities represent pension/OPEB obligations, see notes 12 and 13.

**K. Exchange and Non-Exchange Transactions**

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

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

**L. Deferred Inflows and Deferred Outflows of Resources**

In addition to assets, the statements of financial position will sometimes 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 Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position 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 until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Notes 12 and 13).

**M. Pensions and Other Postemployment Benefits (OPEB)**

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

**N. Implementation of New Accounting Principles**

For the fiscal year ended June 30, 2024, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes for Error Corrections*. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Academy.

**O. Unearned Revenue**

Under the accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. The Academy reported unearned revenue for grant receipts for which eligible expenditures have not yet been incurred.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 3 – DEPOSITS**

The following information classifies deposits by category of risk as defined in GASB Statement No.3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” as amended by GASB Statement No.40, “Deposit, and Investment Risk Disclosures”.

The School maintains its cash balances at one financial institution, Huntington Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2024, the book amount of the School’s deposits was \$3,431,097 and the bank balance was \$3,431,097 of which \$3,181,097 was not insured at June 30, 2024 and exposed to custodial credit risk, while \$250,000 was covered by FDIC.

**NOTE 4 – CAPITAL ASSETS**

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

|                                       | Balance<br>06/30/23 | Additions       | Deletions   | Balance<br>06/30/24 |
|---------------------------------------|---------------------|-----------------|-------------|---------------------|
| <b>Capital Assets:</b>                |                     |                 |             |                     |
| Furniture, Fixtures & Equipment       | 132,819             | 1,972           | -           | 134,791             |
| Total Capital Assets                  | <u>132,819</u>      | <u>1,972</u>    | <u>-</u>    | <u>134,791</u>      |
| <b>Less Accumulated Depreciation:</b> |                     |                 |             |                     |
| Furniture, Fixtures & Equipment       | (132,819)           | (548)           | -           | (133,367)           |
| Total Accumulated Depreciation        | <u>(132,819)</u>    | <u>(548)</u>    | <u>-</u>    | <u>(133,367)</u>    |
| Net Depreciable Capital Assets        | -                   | 1,424           | -           | 1,424               |
| <b>Total Capital Assets, Net</b>      | <b>\$ -</b>         | <b>\$ 1,424</b> | <b>\$ -</b> | <b>\$ 1,424</b>     |

**OHIO CONNECTIONS ACADEMY  
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**NOTE 5 - RECEIVABLES**

Receivables consisted of federal grants, other receivables, and intergovernmental receivables as of June 30, 2024, all of which is expected to be collected within one year. Receivables at June 30, 2024 were as follows:

|                                 | <b>2024</b>               |
|---------------------------------|---------------------------|
| Title I Improving Basic Program | \$ 502,680                |
| Title IIA                       | 86,098                    |
| Title IV-A                      | 47,018                    |
| IDEAB                           | 6,108                     |
| Intergovernmental (FTE)         | 208,433                   |
| Other                           | 150,000                   |
|                                 | <hr/> <u>\$ 1,000,337</u> |

**NOTE 6 – RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. For fiscal year 2024, the Academy contracted with CA to provide insurance in the following amounts through being included as an additional insured on their policy with Hanover Insurance Company for the following coverage:

Commercial general liability:  
\$1,000,000 general liability each occurrence  
\$2,000,000 general liability aggregate  
\$1,000,000 automobile liability  
\$5,000,000 umbrella liability each occurrence  
\$5,000,000 umbrella liability aggregate

There were no settlements in excess of insurance coverage over the past three years, nor was there a significant reduction in coverage from the prior year.

**NOTE 7 – SPONSOR AGREEMENT**

The sponsorship agreement with Ohio Council of Community Schools requires that the Academy shall have a designated fiscal officer who shall meet all the requirements as set forth by law including:

- A. Maintain the financial records of the Academy in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;

**OHIO CONNECTIONS ACADEMY  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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- B. Comply with the policies and procedures regarding internal financial control of the Academy;
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

The Academy shall pay to the Sponsor a percent determined by the monthly FTE of all base per pupil cost payments received from the state in consideration for the time, organization, oversight, fees and costs of the Sponsor in overseeing the Academy. The percentage is determined as follows: FTE of less than 3,750 equals 2.5 percent, FTE between 3,750-4,000 equals 2.15 percent, FTE between 4,000 and 4,250 equals 2.0 percent, FTE between 4,250 and 4,500 equals 1.75 percent and FTE greater than 4,500 equals 1.5 percent. Contract has been extended through a term ending June 30, 2032.

The total sponsorship fees paid totaled \$575,823 for the fiscal year ended June 30, 2024.

**NOTE 8 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES**

The Academy entered into a contract on August 7, 2003 with Connections Academy, Inc. This agreement was restated and assigned to Connections Academy of Ohio, LLC (“CA”) on July 1, 2016. In the agreement, which expired on June 30, 2017, and renewed through June 30, 2023 then again through June 30, 2032, CA agrees to provide curriculum, instruction, technology and other school management services. Under the contract, the following terms were agreed upon:

CA will provide direct materials/services or procurement and payment services for the following:

1. Instructional materials as approved by the Board and the Sponsor.
2. Various educational protocols and assessments.
3. Administrative personnel, including health and other benefits, as approved by the Board and the Sponsor where required.
4. Teaching staff, including health and other benefits, as approved by the Board.
5. Educational support services for participating families.
6. Training and other professional development as approved by the Board.
7. Hardware and software as approved by the Board.
8. Technical support for any hardware and software provided under the contract.
9. Maintenance of student records.
10. Services to special needs students as required by law.
11. Administrative services including expenditures for a facility and capital, both of which require Board approval.
12. Financial, treasury and other reporting as required by law.
13. Student recruiting and community education.
14. General school management.

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For the services listed above, the Academy is required to reimburse certain actual expenses, pay a fee based on enrollment statistics and pay a school management fee to CA. The school management fee is not to exceed 15 percent of all funds received by the Academy. The total expense on an accrual basis under this contract for fiscal year 2024 totaled \$42,570,610. Of this amount, \$2,996,272 represents a contract payable at June 30, 2024. Additionally, the Academy was issued service credits from CA totaling \$3,413,815 at June 30, 2024.

For the year ended June 30, 2024, CA incurred the following expenses on behalf of the Academy:

| Summary Code              | Expense                            | Total Expense        | Regular Instruction  | Special Instruction | Vocational Instruction | Other Instruction | Support Services    | Non-Instructional   |
|---------------------------|------------------------------------|----------------------|----------------------|---------------------|------------------------|-------------------|---------------------|---------------------|
| <b>Direct expenses:</b>   |                                    |                      |                      |                     |                        |                   |                     |                     |
| 100                       | Salaries & wages                   | \$ 13,642,544        | \$ 8,340,779         | \$ 2,768,747        | \$ -                   | \$ -              | \$ -                | \$ 2,533,018        |
| 200                       | Employees' benefits                | 2,781,627            | 1,756,805            | 583,177             | -                      | -                 | -                   | 441,645             |
| 410                       | Professional & technical services  | 1,567,782            | 18,997               | 1,474,646           | -                      | -                 | 6,640               | 67,499              |
| 420                       | Property services                  | 192,057              | -                    | 47,865              | -                      | -                 | 144,192             | -                   |
| 430                       | Travel                             | 643,695              | -                    | 160,423             | -                      | -                 | 483,272             | -                   |
| 440                       | Communications                     | 55,022               | -                    | 13,713              | -                      | -                 | 41,309              | -                   |
| 450                       | Utilities                          | -                    | -                    | -                   | -                      | -                 | -                   | -                   |
| 460                       | Contracted craft or trade services | -                    | -                    | -                   | -                      | -                 | -                   | -                   |
| 470                       | Tuition paid to other districts    | -                    | -                    | -                   | -                      | -                 | -                   | -                   |
| 480                       | Transportation                     | -                    | -                    | -                   | -                      | -                 | -                   | -                   |
| 490                       | Other purchased services           | 161,931              | -                    | 40,357              | -                      | -                 | 121,574             | -                   |
| 510                       | Other supplies                     | 455,997              | -                    | 113,645             | -                      | -                 | 342,352             | -                   |
| 520                       | Books, periodicals & films         | 74,186               | 55,697               | 18,489              | -                      | -                 | -                   | -                   |
| 560                       | Food & related supplies            | 21,356               | -                    | 5,322               | -                      | -                 | 16,034              | -                   |
| 600                       | Depreciation                       | -                    | -                    | -                   | -                      | -                 | -                   | -                   |
| 820                       | Interest                           | -                    | -                    | -                   | -                      | -                 | -                   | -                   |
| 860                       | Judgments                          | -                    | -                    | -                   | -                      | -                 | -                   | -                   |
| DIR                       | Other direct costs                 | 5,214,466            | 4,948,930            | 1,630               | -                      | -                 | 992                 | 262,914             |
| <b>Indirect expenses:</b> |                                    |                      |                      |                     |                        |                   |                     |                     |
| OH                        | Overhead                           | 9,315,876            | 3,780,653            | 1,614,666           | -                      | -                 | 862,004             | 3,058,553           |
| <b>Total expenses</b>     |                                    | <b>\$ 34,126,539</b> | <b>\$ 18,901,661</b> | <b>\$ 6,842,680</b> | <b>\$ -</b>            | <b>\$ -</b>       | <b>\$ 2,018,369</b> | <b>\$ 6,363,629</b> |

The Management Company incurs a variety of costs including general and administrative costs, marketing costs, software development costs, curriculum development costs, enrollment and placement costs, fulfillment and asset tracking costs, legal costs, and other costs associated with providing services to more than one school. These costs are not charged directly to the schools but are allocated internally by the Management Company pro rata based on the number of total students that have enrolled in each school.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, the Academy has complied with all grant requirements.

**B. Litigation**

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

**NOTE 10 – TAX EXEMPT STATUS**

The Academy is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's nonprofit status. The Academy was approved on October 26, 2006 for tax exempt status under 501(c)3 of the Internal Revenue Code. The approval had a retroactive date of July 3, 2003.

**NOTE 11 – MANAGEMENT COMPANY**

The Academy has contracted with CA to provide employee services and to pay those employees. However, these contract services do not relieve the Academy of the obligation for remitting pension contributions. The retirement systems consider the Academy as the Employer-of-Record and the Academy ultimately is responsible for remitting retirement contributions to the State Teachers Retirement System and the School Employees Retirement System.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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.

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The net pension/OPEB liability (asset) represents the Academy's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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 this estimate annually.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

**OHIO CONNECTIONS ACADEMY  
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***Plan Description - School Employees Retirement System (SERS)***

Plan Description – Academy non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

**OHIO CONNECTIONS ACADEMY  
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The Academy's contractually required contribution to SERS was \$154,676 for fiscal year 2024.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. 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 34 years of service credit at any age.

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.

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

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

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

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

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

The Academy's contractually required contribution to STRS was \$1,698,667 for fiscal year 2024.

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***Pension Liabilities, Pension Expense, and Deferred Outflows/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 independent actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

|  | SERS              | STRS                | Total         |
|--|-------------------|---------------------|---------------|
| Proportion of the Net Pension Liability: |                   |                     |               |
| Current Measurement Date                 | 0.0293306%        | 0.08739742%         |               |
| Prior Measurement Date                   | 0.0273431%        | 0.09013948%         |               |
| Change in Proportionate Share            | <u>0.0019875%</u> | <u>-0.00274206%</u> |               |
| Proportionate Share of the Net           |                   |                     |               |
| Pension Liability                        | \$ 1,620,665      | \$ 18,820,980       | \$ 20,441,645 |
| Pension Expense                          | \$ 248,866        | \$ 2,519,128        | \$ 2,767,994  |

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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

|  | <u>SERS</u>              | <u>STRS</u>                | <u>Total</u>               |
|--|--------------------------|----------------------------|----------------------------|
| <b>Deferred Outflows of Resources</b>  |                          |                            |                            |
| Differences between Expected and Actual Experience   | \$ 69,660                | \$ 686,174                 | \$ 755,834                 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments                             | - -                      | - -                        | - -                        |
| Changes of Assumptions   | 11,479                   | 1,550,009                  | 1,561,488                  |
| Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions | 112,160                  | 1,322,472                  | 1,434,632                  |
| Academy Contributions Subsequent to the Measurement Date   | 154,676                  | 1,698,667                  | 1,853,343                  |
| <b>Total Deferred Outflows of Resources</b>  | <b><u>\$ 347,975</u></b> | <b><u>\$ 5,257,322</u></b> | <b><u>\$ 5,605,297</u></b> |

|  | <u>SERS</u>             | <u>STRS</u>                | <u>Total</u>               |
|--|-------------------------|----------------------------|----------------------------|
| <b>Deferred Inflows of Resources</b>   |                         |                            |                            |
| Differences between Expected and Actual Experience   | \$ -                    | \$ 41,765                  | \$ 41,765                  |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments                             | 22,779                  | 56,408                     | 79,187                     |
| Changes of Assumptions   | - -                     | 1,166,711                  | 1,166,711                  |
| Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions | - -                     | 500,712                    | 500,712                    |
| <b>Total Deferred Inflows of Resources</b>   | <b><u>\$ 22,779</u></b> | <b><u>\$ 1,765,596</u></b> | <b><u>\$ 1,788,375</u></b> |

\$1,853,343 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                             | <u>SERS</u>              | <u>STRS</u>                | <u>Total</u>               |
|-----------------------------|--------------------------|----------------------------|----------------------------|
| Fiscal Year Ending June 30: |                          |                            |                            |
| 2025                        | \$ 76,310                | \$ 401,987                 | \$ 478,297                 |
| 2026                        | (32,186)                 | (127,086)                  | (159,272)                  |
| 2027                        | 125,187                  | 1,744,263                  | 1,869,450                  |
| 2028                        | 1,209                    | (226,105)                  | (224,896)                  |
| <b>Total</b>                | <b><u>\$ 170,520</u></b> | <b><u>\$ 1,793,059</u></b> | <b><u>\$ 1,963,579</u></b> |

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***Actuarial Assumptions - SERS***

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

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

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

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

|  |  |
|--|--|
| Inflation                                    | 2.40 percent   |
| Future Salary Increases, including inflation | 3.25 percent to 13.58 percent  |
| Investment Rate of Return                    | 7.00 percent net of System expenses  |
| Actuarial Cost Method                        | Entry Age Normal (Level Percent of Payroll)  |
| COLA or Ad Hoc COLA                          | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

| 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                                   |
| <b>Total</b>                | <b><u>100.00 %</u></b> |  |

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed 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 14.00 percent. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. 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 percent.

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

|   | Current      |               |             |
|---|--------------|---------------|-------------|
|   | 1% Decrease  | Discount Rate | 1% Increase |
| Academy's Proportionate Share<br>of the Net Pension Liability | \$ 2,392,021 | \$ 1,620,665  | \$ 970,947  |

***Actuarial Assumptions - STRS***

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

|                                   |   |
|-----------------------------------|---|
| Inflation                         | 2.50 percent  |
| Salary Increases                  | From 2.5 percent to 8.5 percent, based on service             |
| Investment Rate of Return         | 7.00 percent, net of investment expenses, including inflation |
| Discount Rate of Return           | 7.00 percent  |
| Payroll Increases                 | 3.00 percent  |
| Cost-of-Living Adjustments (COLA) | 0.00 percent, effective July 1, 2017                          |

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

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

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

| Asset Class          | Target Allocation*     | Long-Term Expected Rate of Return** |
|----------------------|------------------------|-------------------------------------|
| Domestic Equity      | 26.00 %                | 6.60 %                              |
| International Equity | 22.00                  | 6.80                                |
| Alternatives         | 19.00                  | 7.38                                |
| Fixed Income         | 22.00                  | 1.75                                |
| Real Estate          | 10.00                  | 5.75                                |
| Liquidity Reserves   | 1.00                   | 1.00                                |
| Total                | <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 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

|   | Current       |               |               |
|---|---------------|---------------|---------------|
|   | 1% Decrease   | Discount Rate | 1% Increase   |
| Academy's Proportionate Share<br>of the Net Pension Liability | \$ 28,942,502 | \$ 18,820,980 | \$ 10,260,942 |

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

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

See Note 12 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

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

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

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

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Academy's surcharge obligation was \$3,831. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB***

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

|   | SERS              | STRS                | Total       |
|---|-------------------|---------------------|-------------|
| Proportion of the Net OPEB Liability (Asset): |                   |                     |             |
| Current Measurement Date                      | 0.0272705%        | 0.08739742%         |             |
| Prior Measurement Date                        | 0.0253053%        | 0.09013948%         |             |
| Change in Proportionate Share                 | <u>0.0019652%</u> | <u>-0.00274206%</u> |             |
| Proportionate Share of the Net                |                   |                     |             |
| OPEB Liability (Asset)                        | \$ 449,266        | \$ (1,699,759)      |             |
| OPEB Expense                                  | \$ 5,517          | \$ (18,140)         | \$ (12,623) |

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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

|  | SERS                     | STRS                     | Total                    |
|--|--------------------------|--------------------------|--------------------------|
| <b>Deferred Outflows of Resources</b>  |                          |                          |                          |
| Differences between Expected and Actual Experience   | \$ 934                   | \$ 2,649                 | \$ 3,583                 |
| Net Difference between Projected and Actual Earnings on OPEB Plan Investments                                | 3,484                    | 3,032                    | 6,516                    |
| Changes of Assumptions   | 151,913                  | 250,398                  | 402,311                  |
| Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions | 104,482                  | 88,173                   | 192,655                  |
| Academy Contributions Subsequent to the Measurement Date   | 3,831                    | -                        | 3,831                    |
| <b>Total Deferred Outflows of Resources</b>  | <b><u>\$ 264,644</u></b> | <b><u>\$ 344,252</u></b> | <b><u>\$ 608,896</u></b> |

|  | SERS                     | STRS                       | Total                      |
|--|--------------------------|----------------------------|----------------------------|
| <b>Deferred Inflows of Resources</b>   |                          |                            |                            |
| Differences between Expected and Actual Experience   | \$ 231,702               | \$ 259,261                 | \$ 490,963                 |
| Changes of Assumptions   | 127,596                  | 1,121,478                  | 1,249,074                  |
| Changes in Proportion and Differences between Academy Contributions and Proportionate Share of Contributions | -                        | 4,286                      | 4,286                      |
| <b>Total Deferred Inflows of Resources</b>   | <b><u>\$ 359,298</u></b> | <b><u>\$ 1,385,025</u></b> | <b><u>\$ 1,744,323</u></b> |

\$3,831 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                             | SERS                      | STRS                         | Total                        |
|-----------------------------|---------------------------|------------------------------|------------------------------|
| Fiscal Year Ending June 30: |                           |                              |                              |
| 2025                        | \$ (39,909)               | \$ (434,719)                 | \$ (474,628)                 |
| 2026                        | (37,377)                  | (216,974)                    | (254,351)                    |
| 2027                        | (17,617)                  | (85,110)                     | (102,727)                    |
| 2028                        | (9,793)                   | (116,681)                    | (126,474)                    |
| 2029                        | (7,699)                   | (107,314)                    | (115,013)                    |
| Thereafter                  | <u>13,910</u>             | <u>(79,975)</u>              | <u>(66,065)</u>              |
| <b>Total</b>                | <b><u>\$ (98,485)</u></b> | <b><u>\$ (1,040,773)</u></b> | <b><u>\$ (1,139,258)</u></b> |

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

***Actuarial Assumptions - SERS***

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

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

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

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

|   | <u>June 30, 2023</u>                        |
|---|---|
| Inflation   | 2.40 percent                                |
| Future Salary Increases, including Inflation          | 3.25 percent to 13.58 percent               |
| Investment Rate of Return                             | 7.00 percent net of investment expense      |
| Actuarial Cost Method                                 | Entry Age Normal (Level Percent of Payroll) |
| Fiduciary Net Position is Projected<br>to be Depleted | 2048  |
| Municipal Bond Index Rate                             |   |
| Measurement Date                                      | 3.86 percent                                |
| Prior Measurement Date                                | 3.69 percent                                |
| Single Equivalent Interest Rate                       |   |
| Measurement Date                                      | 4.27 percent                                |
| Prior Measurement Date                                | 4.08 percent                                |
| Health Care Cost Trend Rate                           |   |
| Medicare  | 5.125 to 4.40 percent                       |
| Pre-Medicare  | 6.75 to 4.40 percent                        |
| Medical Trend Assumption                              |   |
| Measurement Date                                      | 6.75 to 4.40 percent                        |
| Prior Measurement Date                                | 7.00 to 4.40 percent                        |

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

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board 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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020, five-year experience study, 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>   |  |

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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 is 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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

|  | Current     |               |             |
|--|-------------|---------------|-------------|
|  | 1% Decrease | Discount Rate | 1% Increase |
| Academy's Proportionate Share<br>of the Net OPEB Liability | \$ 574,291  | \$ 449,266    | \$ 350,680  |
| <hr/>  |             |               |             |
|  | Current     |               |             |
|  | 1% Decrease | Trend Rate    | 1% Increase |
| Academy's Proportionate Share<br>of the Net OPEB Liability | \$ 330,061  | \$ 449,266    | \$ 607,231  |

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

***Actuarial Assumptions – STRS***

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

|                            | June 30, 2023   | June 30, 2022   |
|----------------------------|---|---|
| Projected Salary Increases | Varies by service from 2.5 percent to 8.5 percent             | Varies by service from 2.5 percent to 8.5 percent             |
| Investment Rate of Return  | 7.00 percent, net of investment expenses, including inflation | 7.00 percent, net of investment expenses, including inflation |
| Payroll Increases          | 3 percent   | 3 percent   |
| Discount Rate of Return    | 7.00 percent  | 7.00 percent  |
| Health Care Cost Trends    |   |   |
| Medical                    |   |   |
| Pre-Medicare               | 7.50 percent initial<br>4.14 percent ultimate                 | 7.50 percent initial<br>3.94 percent ultimate                 |
| Medicare                   | -10.94 percent initial<br>4.14 percent ultimate               | -68.78 percent initial<br>3.94 percent ultimate               |
| Prescription Drug          |   |   |
| Pre-Medicare               | -11.95 percent initial<br>4.14 percent ultimate               | 9.00 percent initial<br>3.94 percent ultimate                 |
| Medicare                   | 1.33 percent initial<br>4.14 percent ultimate                 | -5.47 percent initial<br>3.94 percent ultimate                |

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

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

Actuarial assumptions used in the June 30, 2023, valuation is 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.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 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   | <u>1.00</u>            | 1.00                                |
| <b>Total</b>         | <b><u>100.00 %</u></b> |                                     |

\*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 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate 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 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|  | Current        |                       |                |
|--|----------------|-----------------------|----------------|
|  | 1% Decrease    | Discount Rate         | 1% Increase    |
| Academy's Proportionate Share<br>of the Net OPEB (Asset) | \$ (1,438,624) | \$ (1,699,759)        | \$ (1,927,180) |
|  | 1% Decrease    | Current<br>Trend Rate | 1% Increase    |
| Academy's Proportionate Share<br>of the Net OPEB (Asset) | \$ (1,937,734) | \$ (1,699,759)        | \$ (1,413,123) |

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

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

**NOTE 14 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2024, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes for Error Corrections*. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Academy.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO  
LAST TEN FISCAL YEARS**

|   | 2024         | 2023         | 2022       | 2021         | 2020         | 2019         | 2018         | 2017         | 2016       | 2015       |
|---|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
| Academy's Proportion of the Net Pension Liability   | 0.0293306%   | 0.0273431%   | 0.0254387% | 0.0223476%   | 0.0213903%   | 0.0202135%   | 0.0173422%   | 0.0171175%   | 0.017182%  | 0.017140%  |
| Academy's Proportionate Share of the Net Pension Liability  | \$ 1,620,665 | \$ 1,478,928 | \$ 938,614 | \$ 1,478,118 | \$ 1,279,819 | \$ 1,157,664 | \$ 1,036,158 | \$ 1,252,843 | \$ 980,427 | \$ 867,446 |
| Academy's Covered Payroll   | \$ 1,074,250 | \$ 1,021,421 | \$ 878,079 | \$ 843,986   | \$ 727,904   | \$ 649,896   | \$ 527,436   | \$ 603,086   | \$ 517,269 | \$ 498,066 |
| Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 150.86%      | 144.79%      | 106.89%    | 175.14%      | 175.82%      | 178.13%      | 196.45%      | 207.74%      | 189.54%    | 174.16%    |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                        | 76.06%       | 75.82%       | 82.86%     | 68.55%       | 70.85%       | 71.36%       | 69.50%       | 62.98%       | 69.16%     | 71.70%     |

Amounts presented as of the Academy's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO  
LAST TEN FISCAL YEARS**

|   | 2024          | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          | 2016          | 2015          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Academy's Proportion of the Net Pension Liability   | 0.08739742%   | 0.09013948%   | 0.08376105%   | 0.07650577%   | 0.07492807%   | 0.06465022%   | 0.05597358%   | 0.05514364%   | 0.05269323%   | 0.05161239%   |
| Academy's Proportionate Share of the Net Pension Liability  | \$ 18,820,980 | \$ 20,038,121 | \$ 10,709,603 | \$ 18,511,673 | \$ 16,569,893 | \$ 14,215,131 | \$ 13,296,644 | \$ 18,458,239 | \$ 14,562,867 | \$ 12,553,919 |
| Academy's Covered Payroll   | \$ 11,804,629 | \$ 11,718,564 | \$ 10,335,564 | \$ 9,233,050  | \$ 8,796,843  | \$ 7,349,643  | \$ 6,153,607  | \$ 5,850,600  | \$ 5,496,921  | \$ 5,679,000  |
| Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 159.44%       | 170.99%       | 103.62%       | 200.49%       | 188.36%       | 193.41%       | 216.08%       | 315.49%       | 264.93%       | 221.06%       |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                        | 80.02%        | 78.90%        | 87.80%        | 75.50%        | 77.40%        | 77.31%        | 75.29%        | 66.80%        | 72.10%        | 74.70%        |

Amounts presented as of the Academy's measurement date which is the prior fiscal period end.

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

**LAST TEN FISCAL YEARS**

|  | 2024         | 2023         | 2022         | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       |
|--|--------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually Required Contribution                                  | \$ 154,676   | \$ 150,395   | \$ 142,999   | \$ 122,931 | \$ 118,158 | \$ 98,267  | \$ 87,736  | \$ 73,841  | \$ 84,432  | \$ 68,176  |
| Contributions in Relation to the Contractually Required Contribution | (154,676)    | (150,395)    | (142,999)    | (122,931)  | (118,158)  | (98,267)   | (87,736)   | (73,841)   | (84,432)   | (68,176)   |
| Contribution Deficiency (Excess)                                     | \$ -         | \$ -         | \$ -         | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| Academy Covered Payroll  | \$ 1,104,829 | \$ 1,074,250 | \$ 1,021,421 | \$ 878,079 | \$ 843,986 | \$ 727,904 | \$ 649,896 | \$ 527,436 | \$ 603,086 | \$ 517,269 |
| Contributions as a Percentage of Covered Payroll                     | 14.00%       | 14.00%       | 14.00%       | 14.00%     | 14.00%     | 13.50%     | 13.50%     | 14.00%     | 14.00%     | 13.18%     |

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

**LAST TEN FISCAL YEARS**

|   | 2024               | 2023               | 2022               | 2021               | 2020               | 2019               | 2018               | 2017             | 2016             | 2015             |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|------------------|
| Contractually Required Contribution                                     | \$ 1,698,667       | \$ 1,652,648       | \$ 1,640,599       | \$ 1,446,979       | \$ 1,292,627       | \$ 1,231,558       | \$ 1,028,950       | \$ 861,505       | \$ 819,084       | \$ 769,569       |
| Contributions in Relation to the<br>Contractually Required Contribution | <u>(1,698,667)</u> | <u>(1,652,648)</u> | <u>(1,640,599)</u> | <u>(1,446,979)</u> | <u>(1,292,627)</u> | <u>(1,231,558)</u> | <u>(1,028,950)</u> | <u>(861,505)</u> | <u>(819,084)</u> | <u>(769,569)</u> |
| Contribution Deficiency (Excess)  | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -               | \$ -             | \$ -             | \$ -             |
| Academy Covered Payroll   | \$ 12,133,336      | \$ 11,804,629      | \$ 11,718,564      | \$ 10,335,564      | \$ 9,233,050       | \$ 8,796,843       | \$ 7,349,643       | \$ 6,153,607     | \$ 5,850,600     | \$ 5,496,921     |
| Contributions as a Percentage of<br>Covered Payroll                     | 14.00%             | 14.00%             | 14.00%             | 14.00%             | 14.00%             | 14.00%             | 14.00%             | 14.00%           | 14.00%           | 14.00%           |

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

**LAST EIGHT FISCAL YEARS (1)**

|  | 2024         | 2023         | 2022       | 2021       | 2020       | 2019       | 2018       | 2017       |
|--|--------------|--------------|------------|------------|------------|------------|------------|------------|
| Academy's Proportion of the Net OPEB Liability   | 0.0272705%   | 0.0253053%   | 0.0233426% | 0.0209863% | 0.0197160% | 0.0187764% | 0.0159444% | 0.0155737% |
| Academy's Proportionate Share of the Net OPEB Liability  | \$ 449,266   | \$ 355,289   | \$ 441,779 | \$ 456,101 | \$ 495,816 | \$ 520,909 | \$ 427,906 | \$ 443,907 |
| Academy's Covered Payroll  | \$ 1,074,250 | \$ 1,021,421 | \$ 878,079 | \$ 843,986 | \$ 727,904 | \$ 649,896 | \$ 527,436 | \$ 603,086 |
| Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 41.82%       | 34.78%       | 50.31%     | 54.04%     | 68.12%     | 80.15%     | 81.13%     | 73.61%     |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability                        | 30.02%       | 30.34%       | 24.08%     | 18.17%     | 15.57%     | 13.57%     | 12.46%     | 11.49%     |

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**LAST EIGHT FISCAL YEARS (1)**

|  | 2024           | 2023           | 2022           | 2021           | 2020           | 2019           | 2018         | 2017         |
|--|----------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------|
| Academy's Proportion of the Net OPEB Liability/Asset   | 0.08739742%    | 0.09013948%    | 0.08376105%    | 0.07650577%    | 0.07492807%    | 0.06465022%    | 0.05597358%  | 0.05514364%  |
| Academy's Proportionate Share of the Net OPEB Liability/(Asset)                                      | \$ (1,699,759) | \$ (2,334,012) | \$ (1,766,034) | \$ (1,344,587) | \$ (1,240,989) | \$ (1,038,862) | \$ 2,183,883 | \$ 2,949,096 |
| Academy's Covered Payroll  | \$ 11,804,629  | \$ 11,718,564  | \$ 10,335,564  | \$ 9,233,050   | \$ 8,796,843   | \$ 7,349,643   | \$ 6,153,607 | \$ 5,850,600 |
| Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll | -14.40%        | -19.92%        | -17.09%        | -14.56%        | -14.11%        | -14.13%        | 35.49%       | 50.41%       |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset                        | 168.52%        | 174.73%        | 174.73%        | 182.13%        | 174.74%        | 176.00%        | 47.11%       | 37.30%       |

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF ACADEMY CONTRIBUTIONS - OPEB  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

**LAST TEN FISCAL YEARS**

|  | 2024         | 2023         | 2022         | 2021       | 2020       | 2019       | 2018       | 2017       | 2016       | 2015       |
|--|--------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually Required Contribution (1)                              | \$ 3,831     | \$ 4,232     | \$ 2,955     | \$ 1,661   | \$ 3,059   | \$ 5,341   | \$ 5,709   | \$ 10,366  | \$ 273     | \$ 4,242   |
| Contributions in Relation to the Contractually Required Contribution | (3,831)      | (4,232)      | (2,955)      | (1,661)    | (3,059)    | (5,341)    | (5,709)    | (10,366)   | (273)      | (4,242)    |
| Contribution Deficiency (Excess)                                     | -            | -            | -            | -          | -          | -          | -          | -          | -          | -          |
| Academy Covered Payroll  | \$ 1,104,829 | \$ 1,074,250 | \$ 1,021,421 | \$ 878,079 | \$ 843,986 | \$ 727,904 | \$ 649,896 | \$ 527,436 | \$ 603,086 | \$ 517,269 |
| OPEB Contributions as a Percentage of Covered Payroll (1)            | 0.35%        | 0.39%        | 0.29%        | 0.19%      | 0.36%      | 0.73%      | 0.88%      | 1.97%      | 0.05%      | 0.82%      |

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF ACADEMY CONTRIBUTIONS - OPEB  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

**LAST TEN FISCAL YEARS**

|  | 2024          | 2023          | 2022          | 2021          | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
|--|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution                                  | \$ -          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Contributions in Relation to the Contractually Required Contribution | _____         | _____         | _____         | _____         | _____        | _____        | _____        | _____        | _____        | _____        |
| Contribution Deficiency (Excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| Academy Covered Payroll  | \$ 12,133,336 | \$ 11,804,629 | \$ 11,718,564 | \$ 10,335,564 | \$ 9,233,050 | \$ 8,796,843 | \$ 7,349,643 | \$ 6,153,607 | \$ 5,850,600 | \$ 5,496,921 |
| Contributions as a Percentage of Covered Payroll                     | 0.00%         | 0.00%         | 0.00%         | 0.00%         | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        | 0.00%        |

See accompanying notes to the required supplementary information

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - NET PENSION LIABILITY**

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

***Changes in Assumptions - SERS***

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

|   | Fiscal Year 2022                | Fiscal Years 2021-2017                                   | Fiscal Years 2016 and Prior                              |
|---|---------------------------------|--|--|
| Wage Inflation                                  | 2.40%                           | 3.00%  | 3.25%  |
| Future Salary Increases,<br>including inflation | 3.25% to 13.58%                 | 3.50% to 18.20%  | 4.00% to 22.00%  |
| Investment Rate of Return                       | 7.00% net of<br>system expenses | 7.50% net of investment<br>expenses, including inflation | 7.75% net of investment<br>expenses, including inflation |

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

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

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

***Changes in Benefit Terms - SERS***

For fiscal year 2022, COLA were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA were reduced from 2.50 percent to 2.00 percent.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2024**

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

***Changes in Assumptions – STRS***

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

|  | <u>Fiscal Years 2022 and 2023</u>    | <u>Fiscal Years 2021-2018</u>               | <u>Fiscal Years 2017 and Prior</u>          |
|--|--------------------------------------|---|---|
| Inflation  | 2.50%                                | 2.50%                                       | 2.75%                                       |
| Projected Salary Increases   | From 2.50% to 12.50%<br>based on age | From 12.50% at age 20 to<br>2.50% at age 65 | From 12.25% at age 20 to<br>2.75% at age 70 |
| Investment Rate of Return,<br>net of investment expenses,<br>including inflation | 7.00%                                | 7.45%                                       | 7.75%                                       |
| Payroll Increases  | 3.00%                                | 3.00%                                       | 3.50%                                       |

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2024**

***Changes in Benefit Terms - STRS***

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

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

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

|  | <u>Fiscal Years 2023 and 2022</u> | <u>Fiscal Years 2021-2017</u> |
|--|-----------------------------------|-------------------------------|
| Inflation  | 2.40%                             | 3.00%                         |
| Future Salary Increases,<br>including inflation                                  | 3.25% to 13.58%                   | 3.50% to 18.20%               |
| Investment Rate of Return,<br>net of investment expenses,<br>including inflation | 7.00%                             | 7.50%                         |

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

| <u>Assumption</u>  | <u>Fiscal Year</u> |             |             |             |             |             |             |             |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|  | <u>2024</u>        | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
| Municipal Bond Index Rate  | 3.86%              | 3.69%       | 1.92%       | 2.45%       | 3.13%       | 3.62%       | 3.56%       | 2.92%       |
| Single Equivalent Interest Rate,<br>net of plan investment expense,<br>including price inflation | 4.27%              | 4.08%       | 2.27%       | 2.63%       | 3.22%       | 3.70%       | 3.63%       | 2.98%       |

***Changes in Assumptions – STRS***

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

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2024**

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

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

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

***Changes in Benefit Terms – STRS***

Effective January 1, 2024, Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes.

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

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

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

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2024**

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.



**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 Directors  
Ohio Connections Academy  
130 East Wilson Bridge Road, Suite 25  
Worthington, Ohio 43085

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 Connections Academy, Franklin County, Ohio (the "Academy"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 20, 2024.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Connections Academy

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

### **Purpose of this Report**

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

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Medina, Ohio  
December 20, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Ohio Connections Academy  
130 East Wilson Bridge Road, Suite 25  
Worthington, Ohio 43085

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Ohio Connections Academy's, Franklin County, Ohio (the "Academy") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2024. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Academy's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

***Report on Internal Control over Compliance***

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

Ohio Connections Academy

Independent Auditor's Report on Compliance for Each Major Federal Program and

Report on Internal Control over Required by the Uniform Guidance

Page 3 of 3

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

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

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

*Rea & Associates, Inc.*

Rea & Associates, Inc.

Medina, Ohio

December 20, 2024

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| Federal Grantor/ Pass-Through Grantor/ Program Title              | Assistance<br>Listing<br>Number | Grant Year | Expenses                   | Total Provided to<br>Subrecipients |
|---|---------------------------------|------------|----------------------------|------------------------------------|
| <b>U. S. Department of Education</b>                              |                                 |            |                            |                                    |
| <i>Passed Through Ohio Department of Education and Workforce:</i> |                                 |            |                            |                                    |
| Title I   | 84.010A                         | 2024       | \$ 1,894,995               | \$ -                               |
| Title I - Expanding Opportunities for Each Child                  | 84.010A                         | 2024       | 18,939                     | -                                  |
| Title I - School Quality Improvement Grant                        | 84.010A                         | 2024       | 43,106                     | -                                  |
| <i>Total Title I</i>  |                                 |            | <u>1,957,040</u>           | <u>-</u>                           |
| <i>Special Education Cluster:</i>                                 |                                 |            |                            |                                    |
| IDEA Part B   | 84.027A                         | 2024       | 1,266,784                  | -                                  |
| IDEA Early Childhood Special Education                            | 84.173A                         | 2024       | 7,085                      | -                                  |
| <i>Total Special Education Cluster</i>                            |                                 |            | <u>1,273,869</u>           | <u>-</u>                           |
| COVID-19 ARP-Education Stabilization Fund                         | 84.425U                         | 2024       | 3,154,585                  | -                                  |
| <i>Total U.S. Department of Agriculture</i>                       |                                 |            | <u>6,385,494</u>           | <u>-</u>                           |
| <b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>                         |                                 |            | <b><u>\$ 6,385,494</u></b> | <b><u>\$ -</u></b>                 |

The accompanying notes are an integral part of this schedule.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY, OHIO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**2 CFR 200.510(B)(6)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE A - BASIS OF PRESENTATION**

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

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Academy has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - TRANSFER BETWEEN PROGRAMS**

The Academy transferred the following funds between programs in fiscal year 2024:

| AL Number / Grant Title                                    | Grant Year | Transfer Out      | Transfer In       |
|--|------------|-------------------|-------------------|
| 84.424A Title IV-A Student Support and Academic Enrichment | 2024       | \$ 121,962        |                   |
| 84.010A Title I  | 2024       |                   | \$ 121,962        |
| 84.367A Title II-A Improving Teacher Quality               | 2024       | 223,048           |                   |
| 84.010A Title I  | 2024       |                   | 223,048           |
|  |            | <u>\$ 345,010</u> | <u>\$ 345,010</u> |

The amount transferred to Title I is included in Title I program expenditures when disbursed.

**OHIO CONNECTIONS ACADEMY  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
2 CFR §200.515  
JUNE 30, 2024**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                |  |   |
|----------------|--|---|
| (d) (1) (i)    | Type of Financial Statement Opinion  | Unmodified                                |
| (d) (1) (ii)   | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?      | No  |
| (d) (1) (ii)   | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | None Reported                             |
| (d) (1) (iii)  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                        | No  |
| (d) (1) (iv)   | Were there any material weaknesses in internal control reported for major federal programs?                    | No  |
| (d) (1) (iv)   | Were there any significant deficiencies in internal control reported for major federal programs?               | None Reported                             |
| (d) (1) (v)    | Type of Major Programs' Compliance Opinion   | Unmodified                                |
| (d) (1) (vi)   | Are there any reportable findings under 2 CFR § 200.516(a)?  | No  |
| (d) (1) (vii)  | Major Programs (list):<br><br>Title I Grants to Local Educational Agencies                                     | ALN # 84.010A                             |
| (d) (1) (viii) | Dollar Threshold: Type A/B Programs  | Type A: > \$750,000<br>Type B: All others |
| (d) (1) (ix)   | Low Risk Auditee under 2 CFR §200.520?   | Yes                                       |

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

None were noted.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted.

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# OHIO AUDITOR OF STATE KEITH FABER



OHIO CONNECTIONS ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/4/2025

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

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