OHIO VIRTUAL ACADEMY
LUCAS COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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

To Those Charged with Governance
Ohio Virtual Academy
1690 Woodlands Dr, Ste 100
Maumee, OH 43537-4045

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

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

Keith Faber
Auditor of State
Columbus, Ohio

April 02, 2024

This page intentionally left blank.

Ohio Virtual Academy
Lucas County, Ohio
Table of Contents
June 30, 2023

Page

Independent Auditor's Report 1

Management's Discussion and Analysis 5

Basic Financial Statements:

Statement of Net Position 11

Statement of Revenues, Expenses and Changes in Net Position 12

Statement of Cash Flows 13

Notes to the Basic Financial Statements 14

Required Supplementary Information:

Schedule of Academy's Proportionate Share of the Net Pension Liability – SERS 44

Schedule of Academy's Proportionate Share of the Net Pension Liability – STRS 45

Schedule of Academy Contributions – Pension - SERS 46

Schedule of Academy Contributions - Pension – STRS 47

Schedule of Academy's Proportionate Share of the Net OPEB Liability – SERS 48

Schedule of Academy's Proportionate Share of the Net OPEB Liability (Asset) – STRS 49

Schedule of Academy Contributions - OPEB – SERS 50

Schedule of Academy Contributions - OPEB – STRS 51

Notes to the Required Supplementary Information 52

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* 55

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance 57

Schedule of Expenditures of Federal Awards 60

Notes to the Schedule of Expenditures of Federal Awards 61

Schedule of Findings and Questioned Costs 62

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Ohio Virtual Academy
Lucas County, Ohio
1690 Woodlands Dr. Suite 100
Maumee, Ohio 43537

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ohio Virtual Academy, Lucas County, Ohio, (the "Academy"), as of and for the year ended June 30, 2023, 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 Virtual Academy, Lucas County, Ohio, as of June 30, 2023, 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 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 March 25, 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.
Dublin, Ohio
March 25, 2024

This page is intentionally left blank

The discussion and analysis of Ohio Virtual Academy's (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the 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"* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2023 are as follows:

- Total net position was ($46,172,455) as of June 30, 2023, which is a $5,365,705 decrease from net position of ($40,806,750) at June 30, 2022.

- Due to a decrease in enrollment, total revenue decreased from $130,361,411 in fiscal year 2022 to $129,245,167 in fiscal year 2023.

- Total expenses increased from $129,307,618 in 2022 to $134,610,872 in 2023. The increase is due to a fluctuation in the pension/OPEB expense as a result of GASB 68 and GASB 75.

- Current assets decreased $618,498 with current liabilities decreasing $592,571 in 2023.

- Long-term liabilities increased $26,452,630 and deferred inflows of resources decreased $22,513,725 as a result of a decrease to GASB Statements No. 68 and 75.

- The Academy implemented GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", in fiscal year 2023, which resulted in the reporting of capital assets and subscription-based information technology arrangement (SBITA) payable for intangible right to use software. See Notes 5, 6 and 18 in the notes to the basic financial statements for detail.

Using this Financial Report

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

Reporting the Academy as a Whole

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

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

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

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

Table 1
Net Position

	2023	2022
Assets:		
Cash and Current Assets	$ 13,888,436	$ 14,506,934
Noncurrent Assets:		
Depreciable/Amortized Capital Assets, Net	626,323	820,975
Net OPEB Asset	6,011,746	4,637,350
Total Assets	20,526,505	19,965,259
Deferred Outflows of Resources:		
Pension	25,054,375	27,081,592
OPEB	2,108,241	2,661,641
Total Deferred Outflows of Resources	27,162,616	29,743,233
Liabilities:		
Current Liabilities	13,793,410	14,385,981
Long-Term Liabilities		
Net Pension Liability	63,317,767	35,892,152
Net OPEB Liability	2,771,976	3,657,640
Leases Payable - Noncurrent	456,705	547,129
SBITA Payable - Noncurrent	3,103	-
Total Liabilities	80,342,961	54,482,902
Deferred Inflows of Resources:		
Pension	5,331,842	28,615,381
OPEB	8,186,773	7,416,959
Total Liabilities	13,518,615	36,032,340
Net Position:		
Net Investment in Capital Assets	14,274	35,565
Restricted for OPEB	1,490,362	-
Unrestricted (Deficit)	(47,677,091)	(40,842,315)
Total Net Position (Deficit)	$ (46,172,455)	$ (40,806,750)

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2023 and is reported pursuant to GASB Statement 68, *"Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27."* In fiscal year 2018, the Academy adopted GASB Statement 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the 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 the net OPEB asset.

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

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the Academy'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 Academy is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB 68 and GASB 75, the Academy's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for its proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 68, the Academy is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. As a result of implementing GASB 75, the Academy is reporting a net OPEB liability, a net OPEB asset and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Current assets decreased by $618,498 in 2023, primarily from a decrease in cash. Non-current assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS) and capital assets (intangible right to use - leased buildings). See Notes 5 and 10 for more detail.

Current liabilities decreased by $592,571 from 2022 and include accounts payable, accrued wages and benefits, intergovernmental payable, accrued interest payable, and unearned revenue. Accounts payable includes $5,611,701 due to K12 for administrative services, technology services, and educational products and services.

Long-term liabilities include eases payable, SBITA payable and net pension and net OPEB liabilities (see Notes 9 and 10).

The net pension liability increased $27.4 million or 76% and deferred inflows of resources related to pension decreased $23 million or 79%. These changes were the result of changes at the pension system level for STRS and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

THIS SPACE IS INTENTIONALLY LEFT BLANK

Table 2 shows the changes in net position for fiscal year 2023 and fiscal year 2022, as well as a listing of revenues and expenses:

Table 2
Changes in Net Position

	2023	2022
Operating Revenues:		
Foundation	$ 75,948,368	$ 83,658,612
Special Education	15,470,138	14,919,366
Other Operating Revenue	739,566	39,505
Non-Operating Revenue:		
Grants and Program Initiatives	37,048,456	31,743,928
Other Non-Operating Revenue	38,639	-
Total Revenues	129,245,167	130,361,411
Operating Expenses:		
Salaries	36,514,282	33,550,391
Fringe Benefits	18,907,137	11,175,969
Purchased Services	34,384,058	33,472,905
Materials and Supplies	44,159,906	50,056,999
Other Operating Expenses	317,560	742,412
Depreciation/Amortization	291,807	264,777
Total Operating Expenses	134,574,750	129,263,453
Non-Operating Expenses:		
Interest Expense	36,122	44,165
Total Expenses	134,610,872	129,307,618
Change in Net Position	$ (5,365,705)	$ 1,053,793

The Academy had a negative change in net position of $5,365,705. The increase in fringe benefits expense is primarily due to reporting the pension and OPEB expense as a result of GASB 68 and GASB 75, and an increase in the pension expense. The change in pension expense for 2023 was an increase of approximately $7.6 million.

The revenue generated by a community school is almost entirely dependent on the per-pupil allotment given by the State foundation and from Federal entitlement programs. Enrollment decreased by approximately 7% in 2023.

For the Academy, the total revenue decreased 1% and total expenses increased 4% from fiscal year 2022 to fiscal year 2023. The decrease in foundation revenue and expenses is the result of decreased enrollment.

Special Education revenue is weighted based on the category of disability of the Special Education students enrolled in the Academy. The increase of 4% in Special Education revenue is due to an increase in Special Education students and the severity of the disabilities of the students enrolled in the Academy.

Non-operating revenue increased by 17%; this is due to additional Federal funding received during fiscal year 2023.

Capital Assets

At the end of fiscal year 2023, the Academy had $626,323 net of depreciation/amortization invested in furniture and equipment and intangible right to use - leased buildings and software. The overall decrease in capital assets of $194,652 is due to depreciation/amortization expense of $291,807 exceeding additions and changes reported for the termination/modifications to intangible right to use - leased buildings related to the Woodlands Drive lease amendment that was effective in fiscal year 2023. See Note 5 for additional capital asset information.

Debt

The Academy had leases payable and SBITA payable in the amount of $605,891 and $6,158, respectively, at June 30, 2023, of which $152,241is due within one year. See Note 6 for detail.

Current Financial Related Activities

The Academy's enrollment has decreased from fiscal year 2023 but is still higher than it was prior to COVID-19. Therefore, state funding is decreasing from fiscal year 2023, although the effects of the new state funding model have yet to be determined. Federal funding is increasing due to increased COVID-19 related Federal funding. The enrollment decrease will result in a decrease in expenses.

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

Contacting the Academy's Financial Management

This financial report is designed to provide all stakeholders with a general overview of the Academy's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Dawn Cummings, School Treasurer, Ohio Virtual Academy, 1690 Woodlands Drive, Suite 100, Maumee, Ohio 43537.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2023

Assets:		
Current Assets:		
Cash and Cash Equivalents	$	7,557,234
Prepaid Assets		193,597
Accounts Receivable		98,454
Intergovernmental Receivable		6,039,151
Total Current Assets		13,888,436
Noncurrent Assets:		
Depreciable/Amortized Capital Assets, Net		626,323
Net OPEB Asset		6,011,746
Total Noncurrent Assets		6,638,069
Total Assets		20,526,505
Deferred Outflows of Resources:		
Pension		25,054,375
OPEB		2,108,241
Total Deferred Outflows of Resources		27,162,616
Liabilities:		
Current Liabilities:		
Accounts Payable		8,500,395
Accrued Wages and Benefits		3,839,454
Intergovernmental Payable		1,034,297
Unearned Revenue		264,290
Accrued Interest Payable		2,733
Leases Payable - Current		149,186
Subscription-Based Information Technology Arrangement Payable - Current		3,055
Total Current Liabilities		13,793,410
Long-Term Liabilities:		
Net Pension Liability		63,317,767
Net OPEB Liability		2,771,976
Leases Payable - Noncurrent		456,705
Subscription-Based Information Technology Arrangement Payable - Noncurrent		3,103
Total Long-Term Liabilities		66,549,551
Total Liabilities		80,342,961
Deferred Inflows of Resources:		
Pension		5,331,842
OPEB		8,186,773
Total Deferred Inflows of Resources		13,518,615
Net Position:		
Net Investment in Capital Assets		14,274
Restricted for OPEB		1,490,362
Unrestricted (Deficit)		(47,677,091)
Total Net Position (Deficit)	$	(46,172,455)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenues	
Foundation Payments	$ 75,948,368
Special Education	15,470,138
Other Revenues	739,566
Total Operating Revenues	92,158,072
Operating Expenses	
Salaries	36,514,282
Fringe Benefits	18,907,137
Purchased Services	34,384,058
Materials and Supplies	44,159,906
Depreciation/Amortization	291,807
Other	317,560
Total Operating Expenses	134,574,750
Operating Loss	(42,416,678)
Non-Operating Revenues (Expenses)	
Grants Received - Federal	31,602,007
Grants Received - State and Local	5,446,449
Gain on Lease Termination/Modification	38,639
Interest Expense	(36,122)
Net Non-Operating Revenues (Expenses)	37,050,973
Change in Net Position	(5,365,705)
Net Position (Deficit) at Beginning of Year	(40,806,750)
Net Position (Deficit) at End of Year	$ (46,172,455)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows from Operating Activities:	
Cash Received from Special Education	$ 15,468,127
Cash Received from Others	172,402
Cash Received from Foundation Payments	75,899,411
Cash Payments to Suppliers for Goods and Services	(78,942,444)
Cash Payments to Employees for Services	(36,383,242)
Cash Payments for Employee Benefits	(12,938,783)
Cash Payments to Others	(287,574)
Net Cash Used for Operating Activities	(37,012,103)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Grants - Federal	30,480,697
Cash Received from Grants - State and Local	5,822,656
Net Cash Provided by Noncapital Financing Activities	36,303,353
Cash Flows from Capital and Related Financing Activities:	
Interest Expense	(33,389)
Principal Retirement on Leases	(221,548)
Net Cash Used in Capital and Related Financing Activities	(254,937)
Net Decrease in Cash and Cash Equivalents	(963,687)
Cash and Cash Equivalents at Beginning of Year	8,520,921
Cash and Cash Equivalents at End of Year	$ 7,557,234
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	$ (42,416,678)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation/Amortization	291,807
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:	
Decrease in Accounts Receivable	242,063
Decrease in Prepaid Items	312,729
(Increase) in Intergovernmental Receivable	(717,587)
(Increase) in Net OPEB Asset	(1,374,396)
Decrease in Deferred Outflows - Pension	2,027,217
Decrease in Deferred Outflows - OPEB	553,400
(Decrease) in Accounts Payable	(692,290)
Increase in Accrued Wages and Benefits	318,239
Increase in Intergovernmental Payable	304,198
Increase in Unearned Revenue	112,969
Increase in Net Pension Liability	27,425,615
(Decrease) in Net OPEB Liability	(885,664)
(Decrease) in Deferred Inflows - Pension	(23,283,539)
Increase in Deferred Inflows - OPEB	769,814
Net Cash Used for Operating Activities	$ (37,012,103)

Non-Cash Transactions:

During fiscal year 2023, an amendment was made to a lease payable that resulted in partial termination and extension of the lease term. The termination and modification resulted in a net addition of $35,557 to the lease liability and net addition of $74,196 to capital assets, net ($262,355 net reduction in intangible right to use - leased buildings and $336,551 reduction in accumulated depreciation).

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE ACADEMY

Ohio Virtual Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy offers home-based public education for Ohio children in grades K-12. Parents, community leaders, and educators are working with the Academy to help provide an excellent education option. The Academy, which is part of the State's education program, is independent of any school Academy and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Ohio Council of Community Schools (formerly known as the University of Toledo Charter School Council) (the Sponsor) for a period of ten academic years commencing on July 1, 2007. The contract was amended to change the expiration date to June 30, 2015, and a new contract was executed for a period of ten academic years commencing July 1, 2015. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration (see Note 16).

The Academy operates under the direction of a 13 member Board of Trustees. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board oversees the Academy's instructional/support staff of 68 administrative and 666 certificated teaching and other personnel who provide services to approximately 13,484 students.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Academy's reporting entity has been defined in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining whether Certain Organizations Are Component Units*", and GASB Statement No. 61, "*The Financial Reporting Entity Omnibus and Amendment of GASB Statements No. 14 and No. 34*". The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Academy are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Academy. For the Academy, this includes general operations of the Academy. Component units are legally separate organizations for which the Academy is financially accountable. The Academy is financially accountable for an organization if the Academy appoints a voting majority of the organization's governing board and (1) the Academy is able to significantly influence the programs or services performed or provided by the organization; or (2) the Academy is legally entitled to or can otherwise access the organization's resources; the Academy is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the Academy is obligated for the debt of the organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Component units may also include organizations that are fiscally dependent on the Academy in that the Academy approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statement of the reporting entity includes only those of the Academy (the primary government). The Academy has no component units.

B. Basis of Presentation

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

Operating revenues are those revenues that are generated directly from the primary activity of the 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 nonoperating.

C. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

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

D. Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

E. Budgetary Process

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

G. Capital Assets and Depreciation/Amortization

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the dates received. The Academy maintains a capitalization threshold of over $1,000 for all assets, except leased assets. Leased assets with a purchase price of $5,000 or less will not be capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Depreciation/amortization of capital assets is computed using the straight-line method and the Academy utilizes the useful lives established by the IRS.

The Academy is reporting intangible right to use assets related to leased buildings and subscription-based information technology arrangements (SBITA). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset.

H. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and the Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. For the fiscal year ended June 30, 2023 State Foundation Program revenue was $75,948,368 and revenue from the Special Education Program was $15,470,138.

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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.

The Academy also participates in various Federal grants. Grant revenue in 2023 included the following: Schoolwide Building Program: $11,158,483, Title I: $54,010, Elementary and Secondary School Emergency Relief (ESSER) II: $6,184,420, American Rescue Plan (ARP) Homeless: $29,344, ESSER III: $13,467,327, Emergency Connectivity: $152,103, ARP IDEA Part B Special Education: $486,543, ARP IDEA Early Childhood Special Education: $19,430, and Expanding Opportunities: $50,347.

Amounts awarded under the above named programs for the 2023 year totaled $123,020,513.

I. Accrued Liabilities Long-Term Obligations

All payables and other accrued liabilities are reported on the statement of net position. The Academy has recognized certain liabilities on its Statement of Net Position relating to expenses which are due but unpaid as of June 30, 2023 including: accounts, intergovernmental, and accrued interest payable and accrued wages and benefits. Long-term obligations are detailed in Note 6 and include lease payable, SBITA payable, net pension liability, and net OPEB liability. Net pension/OPEB liability should be recognized to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Position

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

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

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB asset, net pension/OPEB liability, 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 plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

L. Estimates

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

M. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the prepaid amounts is recorded at the time of the payment by the Academy and the expense is recorded when used. Prepayments at June 30, 2023 consist primarily of test sites reserved for fiscal year 2023; prepaid subscriptions; prepaid medical, dental, and liability insurance; and prepaid rent.

N. Unearned Revenue

If the Academy receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent. The Academy had $264,290 in unearned revenue at fiscal year-end.

3. DEPOSITS

At June 30, 2023, the carrying amount of the Academy's deposits totaled $7,557,234 and its bank balance was $7,634,280. Based on the criteria described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosure",* as of June 30, 2023, $7,238,107 of the bank balance was exposed to custodial credit risk as discussed below, while $396,173 was covered by the Federal Depository Insurance Corporation. There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

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

4. RECEIVABLES

Receivables at June 30, 2023 mostly consisted of Federal grant revenues receivable which are considered collectible in full, due to the stable condition of State programs, and the current year guarantee of Federal funds. These receivables are expected to be collected in the subsequent year.

Receivables are listed as follows:

Program	Amount
Title I	$ 1,224,214
TI-SSI	13,830
Title II-A SEI	137,770
Title III LEIL	5,360
Title IV-A	95,792
IDEA B	724,039
ECSE	4,056
ARP IDEA	346,127
ARP IDEA Early Childhood Special	4,175
Emergency Connectivity	142,753
ESSER II	953,432
ESSER III	2,271,031
EEOC	50,347
ARP Homless	20,672
Other	45,553
Total Intergovernmental Receivable	6,039,151
Other Receivables	98,454
Total Receivables	$ 6,137,605

THIS SPACE IS INTENTIONALLY LEFT BLANK

5. CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Capital Assets, Being Depreciated/Amortized				
Furniture, Fixtures, and Equipment	$ 174,058	$ -	$ (55,326)	$ 118,732
Intangible Right to Use:				
Leased Buildings	996,292	-	(262,355)	733,937
Software	-	12,630	-	12,630
Total Capital Assets, Being Depreciated/Amortized	1,170,350	12,630	(317,681)	865,299
Less: Accumulated Depreciation/Amortization:				
Furniture, Fixtures, and Equipment	(100,302)	(54,660)	65,655	(89,307)
Intangible Right to Use:				
Leased Buildings	(249,073)	(233,702)	336,551	(146,224)
Software	-	(3,445)	-	(3,445)
Total Accumulated Depreciation/Amortization	(349,375)	(291,807)	402,206	(238,976)
Capital Assets, Net	$ 820,975	$ (279,177)	$ 84,525	$ 626,323

6. LONG-TERM OBLIGATIONS

The Academy's long-term obligations activity during fiscal year 2023 consisted of the following.

	Balance 7/1/2022	Additions	Deductions	Balance 6/30/2023	Due Within One Year
Leases Payable	$ 785,410	$ 35,557	$ (215,076)	$ 605,891	$ 149,186
SBITA Payable	-	12,630	(6,472)	6,158	3,055
Net Pension Liability:					
STRS	28,121,881	23,490,599	-	51,612,480	-
SERS	7,770,271	3,935,016	-	11,705,287	-
Total Net Pension Liability	35,892,152	27,425,615	-	63,317,767	-
Net OPEB Liability:					
SERS	3,657,640	-	(885,664)	2,771,976	-
Total Long-Term Obligations	$ 40,335,202	$ 27,473,802	$ (1,107,212)	$ 66,701,792	$ 152,241

6. LONG-TERM OBLIGATIONS (Continued)

Leases Payable
In a prior fiscal year, the School entered into lease agreements for the right to use two buildings. In accordance with GASB Statement No. 87, the School has reported a capital asset for intangible right to use, leased buildings and a corresponding liability for the future scheduled payments under the lease agreements.

The School has entered into a lease agreement for an office facility at 1690 Woodlands Drive. The lease commenced July 1, 2019 and was scheduled to terminate on June 30, 2025. During fiscal year 2023, the lease was amended effective May 1, 2023, for reduced square footage and an extended term. The amended lease terminates on June 30, 2028. A net addition of $35,557 was reported in fiscal year 2023 for the modification and partial termination of the lease. Lease principal payments were $150,087 for the fiscal year ended June 30, 2023.

The School has entered into a lease agreement for an office facility at 1655 Holland Road. The lease commenced September 1, 2019 and terminates on June 30, 2025. Lease principal payments were $64,989 for the fiscal year ended June 30, 2023.

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

Fiscal	Leases Payable		
Year	Principal	Interest	Total
2024	$ 149,186	$ 26,931	$ 176,117
2025	161,341	19,180	180,521
2026	91,105	12,708	103,813
2027	98,444	7,987	106,431
2028	105,815	2,888	108,703
Total	$ 605,891	$ 69,694	$ 675,585

SBITA Payable
During fiscal year 2023, the Academy entered into a SBITA agreement for the right to use software. In accordance with GASB Statement No. 96, the School has reported a capital asset for intangible right to use, software and a corresponding liability for the future scheduled payments under the subscription agreement. The agreement began October 26, 2022 and terminates on June 14, 2025. SBITA payments were $6,472 for the fiscal year ended June 30, 2023.

The following is a schedule of future payments under the SBITA agreement:

Fiscal	SBITA Payable		
Year	Principal	Interest	Total
2024	$ 3,055	$ 208	$ 3,263
2025	3,103	159	3,262
Total	$ 6,158	$ 367	$ 6,525

Net Pension Liability and Net OPEB Liability
There is no repayment schedule for the net pension liability and net OPEB liability. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

7. INSTRUCTION

Approximately 80 percent of operating expenditures are used to provide direct instruction to students. Costs by various categories are as follows:

Service Type	Amount
Teacher Salaries, Benefits and Expenses	$ 53,448,234
Instructional Materials Expense	33,137,038
Pupil Support Salaries, Benefits and Expenses	9,491,276
Student Computers, Internet and Technology	7,287,721
Special Education Services	4,004,337
Web Based Software - Curriculum	467,801
Total	$ 107,836,407

8. RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended June 30, 2023, the Academy obtained insurance through broker USI Insurance Services, LLC with the following insurance coverage:

Commercial General Liability per Occurrence	$1,000,000
Commercial General Liability Aggregate	2,000,000
Umbrella Liability per Occurrence	10,000,000
Umbrella Liability Aggregate	10,000,000

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

B. Workers' Compensation

The Academy pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

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

The Academy is self-insured for employee health care benefits, including prescription drug coverage, for all of its employees. The health care benefits program is administered by United Health Group, Inc., which provides claims review and processing services. The self-insurance program is reported in the schoolwide pool. The Academy purchases stop loss coverage; therefore, the Academy is not responsible for claims within the plan's limits that exceed $100,000 per participant.

The liability for unpaid claims of $984,919 included in Accrued Wages and Benefits and reported in the schoolwide pool at June 30, 2023 is based on the requirements of GASB Statement No. 10, *"Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* as amended by GASB Statement No. 30, *"Risk Financing Omnibus,"* which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable.

8. RISK MANAGEMENT (Continued)

The Academy's claims are paid by United Health Group, Inc. The Academy reimburses United Health Group for the expenses and allocates costs among funds based on claims approved by the claims administrator. For the year ending June 30, 2023, claims reported but unpaid were $-0- and the incurred but not reported claims were determined to be $984,919.

Changes in the claims liability amount in 2023 and 2022 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
2023	$ 843,737	$ 7,275,398	$ 7,134,216	$ 984,919
2022	708,819	6,046,819	5,911,901	843,737

The Academy has contracted with private carriers to provide dental, vision, and life insurance to its employees.

9. DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

The net pension/OPEB liability (asset) represent the 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/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the 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.

9. DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the Academy is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Academy's contractually required contribution to SERS was $1,126,538 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

9. DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The Academy's contractually required contribution to STRS was $4,692,395 for fiscal year 2023. Of this amount, $1,113,449 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.21059300%	0.21994450%	
Proportion of the net pension liability current measurement date	0.21641280%	0.23217358%	
Change in proportionate share	0.00581980%	0.01222908%	
Proportionate share of the net pension liability	$ 11,705,287	$ 51,612,480	$ 63,317,767
Pension expense	$ 1,409,585	$ 10,578,641	$ 11,988,226

9. DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 474,073	$ 660,707	$ 1,134,780
Net difference between projected and actual earnings on pension plan investments	-	1,795,999	1,795,999
Changes of assumptions	115,498	6,176,463	6,291,961
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	544,899	9,467,803	10,012,702
Contributions subsequent to the measurement date	1,126,538	4,692,395	5,818,933
Total deferred outflows of resources	$ 2,261,008	$ 22,793,367	$ 25,054,375

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 76,843	$ 197,435	$ 274,278
Net difference between projected and actual earnings on pension plan investments	408,463	-	408,463
Changes of assumptions	-	4,649,101	4,649,101
Total deferred inflows of resources	$ 485,306	$ 4,846,536	$ 5,331,842

$5,818,933 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, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ 490,175	$ 4,202,563	$ 4,692,738
2025	63,689	2,608,566	2,672,255
2026	(583,495)	1,208,964	625,469
2027	678,795	5,234,343	5,913,138
Total	$ 649,164	$ 13,254,436	$ 13,903,600

9. DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

9. DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

Sensitivity of 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 net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

9. DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	$ 17,229,624	$ 11,705,287	$ 7,051,109

Actuarial Assumptions - STRS

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

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS Ohio's 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:

9. DEFINED BENEFIT PENSION PLANS - (Continued)

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net pension liability	$ 77,967,667	$ 51,612,480	$ 29,324,150

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

10. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The 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. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Academy's surcharge obligation was $8,163.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $8,163 for fiscal year 2023 and is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

10. DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The 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 prior measurement date	0.19326190%	0.21994450%	
Proportion of the net OPEB liability/asset current measurement date	0.19743270%	0.23217358%	
Change in proportionate share	0.00417080%	0.01222908%	
Proportionate share of the net OPEB liability	$ 2,771,976	$ -	$ 2,771,976
Proportionate share of the net OPEB asset	$ -	$ (6,011,746)	$ (6,011,746)
OPEB expense	$ 107,271	$ (1,035,954)	$ (928,683)

At June 30, 2023, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 23,301	$ 87,151	$ 110,452
Net difference between projected and actual earnings on OPEB plan investments	14,406	104,649	119,055
Changes of assumptions	440,918	256,080	696,998
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	910,784	262,789	1,173,573
Contributions subsequent to the measurement date	8,163	-	8,163
Total deferred outflows of resources	$ 1,397,572	$ 710,669	$ 2,108,241

10. DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,773,154	$ 902,856	$ 2,676,010
Changes of assumptions	1,137,916	4,262,918	5,400,834
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	43,650	66,279	109,929
Total deferred inflows of resources	$ 2,954,720	$ 5,232,053	$ 8,186,773

$8,163 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (260,876)	$ (1,331,451)	$ (1,592,327)
2025	(282,468)	(1,253,785)	(1,536,253)
2026	(298,515)	(608,333)	(906,848)
2027	(212,895)	(264,787)	(477,682)
2028	(172,652)	(348,705)	(521,357)
Thereafter	(337,905)	(714,323)	(1,052,228)
Total	$ (1,565,311)	$ (4,521,384)	$ (6,086,695)

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.

10. DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

10. DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, 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 are summarized as follows:

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

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

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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

10. DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net OPEB liability	$ 3,442,836	$ 2,771,976	$ 2,230,409

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB liability	$ 2,137,691	$ 2,771,976	$ 3,600,455

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

10. DEFINED BENEFIT OPEB PLANS - (Continued)

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

Actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

10. DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Academy's proportionate share of the net OPEB asset	$ 5,566,988	$ 6,011,746	$ 6,400,675

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	$ 6,235,644	$ 6,011,746	$ 5,729,132

11. 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 as specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2023.

B. State Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE has not performed an FTE review on the Academy for fiscal year 2023.

As of the date of this report, ODE adjustments for fiscal year 2023 were finalized. ODE has made adjustments based on attendance adjustments reported by the Academy totaling $57,302 which is included in intergovernmental receivable.

In addition, the Academy's contracts with its Sponsor and Management Company require payment based on revenues received from the State. Additional reconciliation necessary with these contracts has been reflected in the fiscal year 2023 financial statements.

12. PURCHASED SERVICE EXPENSES

For the fiscal year ended June 30, 2023, purchased service expenses were payments for services rendered by various vendors, as follows:

Service Type	Amount
Professional/Technical Services	$ 30,715,694
Communications	1,538,004
Property Services	1,154,348
Tuition	483,074
Travel	453,371
Contracted Trade Services	31,797
Utilities	7,770
Total	$ 34,384,058

13. TAX EXEMPT STATUS

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

14. MANAGEMENT AGREEMENT

The Academy entered into a ten-year contract, effective July 1, 2007 through June 30, 2017, with K12 Inc. for educational, administrative and technology services. The Academy entered into a new five-year contract with K12 effective July 1, 2017 through June 30, 2024. Per the management agreement, K12 Inc. is entitled to 12 percent of revenues as an administrative fee (management) and 7 percent of revenues as a technology fee. These fees are reduced to 11% and 6% when funded FTE reaches 10,000 and are reduced to 10% and 5% at 15,000 FTE. The educational services are purchased at the prevailing rate charged by K12 Inc. to its partner schools. Terms of the contract require K12 Inc. to provide the following:

A. Administrative services:
- Personnel and facility management
- Administration of all business aspects and day-to-day management of the Academy
- Budgeting and financial reporting and the annual reports
- Maintenance of financial and student records
- Pupil recruitment, admissions and student discipline
- Rules and procedures and nondiscrimination requirements
- Public relations

B. Technology services:
- Integrate technology and data systems with Academy's curriculum
- Monitor and analyze data, as necessary
- Report on pupils' academic performance
- Seek and secure competitive pricing and discounts for Academy, as available
- Provide training to staff, parents, and students as deemed necessary
- Develop, design, publish and maintain the Academy's interactive website
- Supervise installation of Academy's internal computer and telephone network
- Negotiate contracts with computer, printer, student information system, software and office set-up vendors
- Determine hardware configurations for the Academy's technology needs
- Support administrators in troubleshooting system errors

14. MANAGEMENT AGREEMENT - (Continued)

C. Educational services:
- Curriculum
- Instructional tools
- Additional educational services

As of June 30, 2023, payments to K12 Inc. totaled $67,698,027 with $5,611,701 outstanding for all services as of June 30, 2023. The breakdown is as follows:

Service Type	Amount
Web Based Software - Curriculum	$ 24,795,529
Instructional Materials Usage	7,778,267
Management	16,693,427
Student Computers	9,102,016
Technology Services Fees	9,328,788
Total	$ 67,698,027

THIS SPACE INTENTIONALLY LEFT BLANK

15. K12 INC. MANAGEMENT COMPANY DISCLOSURE

For the fiscal year ended June 30, 2023, K12 Inc. incurred the following expenses in support of the Academy:

Direct Expenses (Object Code)	Regular Instruction *(1100 Function) Codes)*	Special Instruction *(1200 Function) Codes)*	Support Services *(2000 Function) Codes)*	Non-Instructional *(3000 through (7000 Function) Codes)*	Total
Salaries and Wages (100)	$ -	$ -	$ 12,361,227	$ -	$ 12,361,227
Employees' Benefits (200)	-	-	2,637,897	-	2,637,897
Professional & Technical Services (410)	-	-	3,428,075	-	3,428,075
Property Services (420)	-	-	509,808	-	509,808
Travel (430)	-	-	236,289	-	236,289
Communications (440)	-	-	6,266,934	-	6,266,934
Contracted Craft or Trade Services (460)	-	-	53,087	-	53,087
Other Purchased Services (490)	-	-	600,743	-	600,743
Books, Periodicals, & Films (520, 530, 540)	4,248,049	889,766	-	-	5,137,815
Other Supplies (510, 550, 570, 580, 590)	-	-	2,631,838	-	2,631,838
Depreciation	-	-	-	2,503,721	2,503,721
Interest (820)	-	-	-	(624,947)	(624,947)
Dues and Fees (840)	-	-	2,041,657	-	2,041,657
Other Direct Costs (all other object codes)	-	-	2,817,493	-	2,817,493
Total Allocated Direct Expenses	4,248,049	889,766	33,585,048	1,878,774	40,601,637
Overhead	-	-	17,541,957	-	17,541,957
Total Direct Expenses and Overhead	$ 4,248,049	$ 889,766	$ 51,127,005	$ 1,878,774	$ 58,143,594

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

16. SPONSOR

The Academy was approved for operation under a contract with the Ohio Council of Community Schools (the Sponsor) for a period of ten academic years commencing on July 1, 2015. As part of this contract, the Sponsor is paid an oversight fee which is 1.5 percent of the total State Foundation funds received during the year. The total amount paid to the Sponsor for fiscal year 2023 was $1,433,924.

17. RESERVE FUND

The Academy and K12 Inc. agreed the Academy will maintain a $250,000 reserve (“Reserve Fund”). The Reserve Fund is defined as total net position at fiscal year-end, excluding investment in capital assets as stated in the audited financial statements, before the effects of GASB 68 and GASB 75. At the end of the year, if necessary based on the Academy’s audited financial statements, K12 will issue Service Credits in an amount sufficient to satisfy the Reserve Fund requirement.

At the end of the next fiscal year, if the Academy has surplus funds that exceed the Reserve Fund, the Academy will repay a portion or all of the prior years’ Service Credit depending on the amount of the surplus. If the Academy has no surplus or less than the amount credited prior, there is no further obligation owed on the unpaid amounts on the prior credits given.

For the year ended June 30, 2023, there was a deficit Service Credit of $441,805 outstanding.

18. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2023, the Academy has implemented GASB Statement No. 91, “*Conduit Debt Obligations*”, GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, GASB Statement No. 96, “*Subscription Based Information Technology Arrangements*”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Academy.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Academy.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. These changes were incorporated in the Academy’s fiscal year 2023 financial statements.

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

18. CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

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

19. COVID-19

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

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

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

	2023	2022	2021	2020	2019
Academy's Proportion of the Net Pension Liability	0.21641280%	0.21059300%	0.18660960%	0.09192985%	0.05930161%
Academy's Proportionate Share of the Net Pension Liability	$ 11,705,287	$ 7,770,271	$ 12,342,752	$ 5,500,324	$ 3,396,313
Academy's Covered Payroll	$ 8,029,814	$ 7,207,386	$ 3,286,393	$ 3,134,721	$ 1,989,999
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	145.77%	107.81%	196.56%	175.46%	170.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%

	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.05054962%	0.05682862%	0.05577984%	0.06354201%	0.06354201%
Academy's Proportionate Share of the Net Pension Liability	$ 3,020,228	$ 4,159,331	$ 3,182,852	$ 3,215,825	$ 3,778,640
Academy's Covered Payroll	$ 1,694,796	$ 1,796,282	$ 1,669,297	$ 1,798,602	$ 1,576,507
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	178.21%	231.56%	190.67%	178.80%	239.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

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 VIRTUAL ACADEMY
LUCAS COUNTY

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

	2023	2022	2021	2020	2019
Academy's Proportion of the Net Pension Liability	0.23217358%	0.21994450%	0.17214409%	0.16774757%	0.13340174%
Academy's Proportionate Share of the Net Pension Liability	$ 51,612,480	$ 28,121,881	$ 41,652,745	$ 37,096,367	$ 29,332,048
Academy's Covered Payroll	$ 30,371,436	$ 27,715,136	$ 20,707,871	$ 19,973,874	$ 15,290,079
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	169.94%	101.47%	201.14%	185.72%	191.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.88%	87.78%	75.48%	77.40%	77.31%

	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.12163885%	0.12905882%	0.14443579%	0.15752981%	0.15752981%
Academy's Proportionate Share of the Net Pension Liability	$ 28,895,570	$ 43,199,877	$ 39,917,828	$ 38,316,702	$ 45,642,604
Academy's Covered Payroll	$ 13,383,552	$ 13,540,364	$ 15,087,469	$ 15,481,520	$ 15,501,192
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	215.90%	319.05%	264.58%	247.50%	294.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

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 VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 1,126,538	$ 1,124,174	$ 1,009,034	$ 460,095	$ 425,751
Contributions in Relation to the Contractually Required Contribution	(1,126,538)	(1,124,174)	(1,009,034)	(460,095)	(425,751)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 8,046,700	$ 8,029,814	$ 7,207,386	$ 3,286,393	$ 3,134,721
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.59%

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 257,644	$ 237,271	$ 247,084	$ 221,327	$ 255,912
Contributions in Relation to the Contractually Required Contribution	(257,644)	(237,271)	(247,084)	(221,327)	(255,912)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 1,989,999	$ 1,694,796	$ 1,796,282	$ 1,669,297	$ 1,798,602
Contributions as a Percentage of Covered Payroll	12.95%	14.00%	13.76%	13.26%	14.23%

See accompanying notes to the required supplementary information.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 4,692,395	$ 4,252,001	$ 3,880,119	$ 2,899,102	$ 2,757,190
Contributions in Relation to the Contractually Required Contribution	(4,692,395)	(4,252,001)	(3,880,119)	(2,899,102)	(2,757,190)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 33,517,107	$ 30,371,436	$ 27,715,136	$ 20,707,871	$ 19,973,874
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.81%

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 2,123,174	$ 1,872,178	$ 1,901,125	$ 2,109,724	$ 2,092,375
Contributions in Relation to the Contractually Required Contribution	(2,123,174)	(1,872,178)	(1,901,125)	(2,109,724)	(2,092,375)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 15,290,079	$ 13,383,552	$ 13,540,364	$ 15,087,469	$ 15,481,520
Contributions as a Percentage of Covered Payroll	13.89%	13.99%	14.00%	13.98%	13.52%

See accompanying notes to the required supplementary information.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
Academy's Proportion of the Net OPEB Liability	0.19743270%	0.19326190%	0.17119640%	0.08422859%
Academy's Proportionate Share of the Net OPEB Liability	$ 2,771,976	$ 3,657,640	$ 3,720,658	$ 2,118,172
Academy's Covered Payroll	$ 8,029,814	$ 7,207,386	$ 3,286,393	$ 3,134,721
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	34.52%	50.75%	59.48%	67.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.05598880%	0.04631158%	0.05227967%
Academy's Proportionate Share of the Net OPEB Liability	$ 1,553,281	$ 1,242,881	$ 1,490,164
Academy's Covered Payroll	$ 1,989,999	$ 1,694,796	$ 1,796,282
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	78.06%	62.46%	82.96%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. The Academy will continue to present information for years available until a full ten-year trend is compiled.

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 VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY (ASSET)
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
Academy's Proportion of the Net OPEB Liability (Asset)	0.23217358%	0.21994450%	0.17214409%	0.16774757%
Academy's Proportionate Share of the Net OPEB Liability (Asset)	$ (6,011,746)	$ (4,637,350)	$ (3,025,431)	$ (2,778,302)
Academy's Covered Payroll	$ 30,371,436	$ 27,715,136	$ 20,707,871	$ 19,973,874
Academy's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	19.79%	16.73%	14.61%	13.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	230.73%	174.73%	182.10%	174.70%

	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.13340174%	0.12163885%	0.12905882%
Academy's Proportionate Share of the Net OPEB Liability	$ (2,143,630)	$ 4,745,899	$ 6,902,099
Academy's Covered Payroll	$ 15,290,079	$ 13,383,552	$ 13,540,364
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	14.02%	35.46%	50.97%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.00%

(1) Information prior to 2017 is not available. The Academy will continue to present information for years available until a full ten-year trend is compiled.

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 VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019
Contractually Required Contribution	$ 8,163	$ 6,943	$ 13,862	$ 3,806	$ 20,400
Contributions in Relation to the Contractually Required Contribution	(8,163)	(6,943)	(13,862)	(3,806)	(20,400)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 8,046,700	$ 8,029,814	$ 7,207,386	$ 3,286,393	$ 3,134,721
Contributions as a Percentage of Covered Payroll	0.10%	0.09%	0.19%	0.12%	0.65%

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 21,258	$ 2,184	$ 3,672	$ 15,084	$ 4,476
Contributions in Relation to the Contractually Required Contribution	(21,258)	(2,184)	(3,672)	(15,084)	(4,476)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 1,989,999	$ 1,694,796	$ 1,796,282	$ 1,669,297	$ 1,798,602
Contributions as a Percentage of Covered Payroll	1.07%	0.13%	0.20%	0.90%	0.25%

(1) Includes surcharge.

See accompanying notes to the required supplementary information.

OHIO VIRTUAL ACADEMY
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS - OPEB
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 33,517,107	$ 30,371,436	$ 27,715,136	$ 20,707,871	$ 19,973,874
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ 154,815
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(154,815)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 15,290,079	$ 13,383,552	$ 13,540,364	$ 15,087,469	$ 15,481,520
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplementary information.

NOTE A - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO - PENSION

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021. For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%. There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

NOTE B - STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO - PENSION

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal year 2019-2023.

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

NOTE C - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO - OPEB

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2023.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rate for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table. For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

NOTE D - STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO - OPEB

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

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

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

To the Board of Trustees
Ohio Virtual Academy
Lucas County, Ohio
1690 Woodlands Dr. Suite 100
Maumee, Ohio 43537

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Ohio Virtual Academy, Lucas County, Ohio (the "Academy"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated March 25, 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.

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.
Dublin, Ohio
March 25, 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 Trustees
Ohio Virtual Academy
Lucas County, Ohio
1690 Woodlands Dr. Suite 100
Maumee, Ohio 43537

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Ohio Virtual Academy's, Lucas 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, 2023. 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, 2023.

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**.**

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.
Dublin, Ohio
March 25, 2024

OHIO VIRTUAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing #	Grant Year	Expenditures	Total Provided to Subrecipients
U. S. Department of Education				
Passed Through Ohio Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	2023	$ 6,423,409	$ -
Special Education Cluster:				
Special Education_Grants to States	84.027A	2023	3,777,211	-
COVID-19 Special Education_Grants to States	84.027X	2023	486,544	-
Special Education_Preschool Grants	84.173A	2023	21,158	-
COVID-19 Special Education_Preschool Grants	84.173X	2023	19,430	-
Total Special Education Cluster			4,304,343	-
Title III English Language Acquisition Grants	84.365A	2023	27,963	-
Title II-A Improving Teacher Quality Grants	84.367A	2023	718,728	-
Title IV-A Student Support and Academic Enrichment Grant	84.424A	2023	499,733	-
Education Stabilization Fund - Elementary and Secondary School				
COVID-19 Education Stabilization Fund	84.425D	2023	6,184,420	-
COVID-19 ARP Education Stabilization Fund	84.425U	2023	13,496,672	-
Total COVID-19 Emergency Relief			19,681,092	
Total U.S. Department of Education			31,655,268	-
U. S. Department of Federal Communications Commission				
Direct Program				
COVID-19 Emergency Connectivity Fund	32.009	2023	152,103	-
Total U.S. Department of Treasury			152,103	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 31,807,371	$ -

The accompanying notes are an integral part of this schedule.

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ohio Virtual Academy (the Academy) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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 cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – SCHOOLWIDE POOL

The Academy consolidated certain federal, state and local funds into a Schoolwide Pool during fiscal year 2023. The amounts allocated from these funds and transferred to the Schoolwide Pool are as follows:

Fund	Assistance Listing	Allocated Amount	
General Fund	N/A	$	70,421,792
Title I Grants to Local Educational Agencies	84.010A		6,319,052
Special Education_Grants to States	84.027A		3,777,211
Special Education_Preshcool Grants	84.173A		21,158
Title III English Language Acquisition Grants	84.365A		27,962
Title II-A Improving Teacher Quality	84.367A		718,728
Title IV-A Student Support and Academic Engrichment Grants	84.424A		499,733

OHIO VIRTUAL ACADEMY
LUCAS COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material weaknesses in internal 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): Title I COVID-19: Education Stabilization Fund & COVID-19: American Rescue Plan Education Stabilization Fund Programs	 ALN # 84.010A ALN # 84.425D, 84.425U
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > $954,221 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.

OHIO AUDITOR OF STATE
KEITH FABER

OHIO VIRTUAL ACADEMY

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 4/16/2024