

RICHLAND SCHOOL OF ACADEMIC
ARTS
RICHLAND COUNTY

REGULAR AND SINGLE AUDIT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 and 2024





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Columbus, Ohio 43215
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800-282-0370

Board of Directors
Richland School of Academic Arts
1456 Park Avenue West
Mansfield, OH 44906

We have reviewed the *Independent Auditor's Report* of the Richland School of Academic Arts, Richland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2023 through June 30, 2025. 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 Richland School of Academic Arts is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 04, 2026

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Richland County, Ohio
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Richland School of Academic Arts

Richland County, Ohio

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Richland School of Academic Arts
Richland County, Ohio
1456 Park Avenue West
Mansfield, OH 44906

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Richland School of Academic Arts, Richland County, Ohio, (the "School") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Richland School of Academic Arts, Richland County, Ohio, as of June 30, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026 our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
January 30, 2026

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**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

As management of the Richland School of Academic Arts (the School), formerly Richland Academy School of Excellence, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Total net position of the School increased \$501,679 in fiscal year 2025. Ending net position of the School was \$3.9 million, compared to \$3.4 million at June 30, 2024.
- Total assets decreased \$571,957 from the prior year and total liabilities decreased by \$1,177,479 from the prior year.
- The School's operating loss for fiscal year 2025 was \$699,210.

Using this Annual Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and change in net position, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity.

Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position

The statement of net position and the statement of revenues, expenses and change in net position answer the question, "How did we do financially during the fiscal year?" The statement of net position includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net position; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

The statement of revenues, expenses and change in net position reports the change in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Financial Analysis

Table 1 provides a summary of the School's net position at June 30, 2025 compared to the prior fiscal year.

Table 1 - Net Position			
	2025	2024	Change
ASSETS			
Current Assets	\$ 2,274,736	\$ 2,605,072	\$ (330,336)
Net OPEB Asset	192,375	194,085	(1,710)
Capital Assets, Net	4,089,367	4,329,278	(239,911)
Total Assets	<u>6,556,478</u>	<u>7,128,435</u>	<u>(571,957)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	626,689	704,189	(77,500)
OPEB	102,296	98,372	3,924
Total Deferred Outflows of Resources	<u>728,985</u>	<u>802,561</u>	<u>(73,576)</u>
LIABILITIES			
Current Liabilities	299,933	238,835	61,098
Long-term liabilities:			
Due within one year	32,222	145,442	(113,220)
Due in more than one year			
Net Pension Liability	2,308,733	2,513,543	(204,810)
Net OPEB Liability	72,486	100,951	(28,465)
Other Amounts	21,481	913,563	(892,082)
Total Liabilities	<u>2,734,855</u>	<u>3,912,334</u>	<u>(1,177,479)</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	343,622	295,808	47,814
OPEB	283,656	301,203	(17,547)
Total Deferred Inflows of Resources	<u>627,278</u>	<u>597,011</u>	<u>30,267</u>
NET POSITION			
Net Investment in Capital Assets	4,089,367	3,270,273	819,094
Restricted	228,903	299,768	(70,865)
Unrestricted	(394,940)	(148,390)	(246,550)
Total Net Position	<u>\$ 3,923,330</u>	<u>\$ 3,421,651</u>	<u>\$ 501,679</u>

Current and other assets decreased in comparison with the prior fiscal year-end. This decrease is primarily the result of a decrease in cash and cash equivalents. Total liability decreased due to a decrease in loan payable.

**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

The changes in net pension/OPEB liability (asset), deferred outflows/inflows for the School are fluctuations due to changes in the retirement systems unfunded liabilities/assets that are passed through to the School's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows, net OPEB asset and noncurrent liabilities are described in more detail in their respective notes.

Financial Analysis

Table 2 shows the change in net position for the fiscal year ended June 30, 2025 compared to the prior fiscal year.

Table 2 - Change in Net Position

	2025	2024	Change
OPERATING REVENUES			
Program Revenues:			
State Foundation	\$ 3,149,711	\$ 3,057,446	92,265
Other Unrestricted Grants-In-Aid	22,553	22,616	(63)
Other Operating Revenues	1,899	67	1,832
Total Operating Revenues	<u>3,174,163</u>	<u>3,080,129</u>	<u>94,034</u>
OPERATING EXPENSES			
Salaries	1,790,266	1,721,478	68,788
Fringe Benefits	498,142	590,641	(92,499)
Purchased Services	1,025,846	1,015,946	9,900
Materials and Supplies	235,286	248,949	(13,663)
Depreciation	291,485	300,341	(8,856)
Other	32,348	2,969	29,379
Total Operating Expenses	<u>3,873,373</u>	<u>3,880,324</u>	<u>(6,951)</u>
Operating Loss	(699,210)	(800,195)	
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	115,178	46,128	69,050
Interest and Fiscal Charges	(38,030)	(48,820)	10,790
Federal and State Grants	1,132,783	1,307,643	(174,860)
Contributions and Donations	33,560	37,106	(3,546)
Other Revenue	1,050	107	943
Total Non-Operating Revenues (Expenses)	<u>1,244,541</u>	<u>1,342,164</u>	<u>(97,623)</u>
Change in Net Position	545,331	541,969	
Net Position - Beginning of Year, as Previously reported	3,421,651	2,879,682	
Cummulative effect of Restatement, see Note 13	<u>(43,652)</u>	<u>-</u>	
Net Position, Beginning of Year, Restated, see Note 13	3,377,999	-	
Net Position - End of Year	<u><u>\$ 3,923,330</u></u>	<u><u>\$ 3,421,651</u></u>	

**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2025**

State Foundation payments increased in comparison with the prior fiscal year due to the State of Ohio Biennial Budget increases. Interest income increased due to investing in Star Ohio. The decrease in federal and state grant revenue is due to receiving the last of the COVID-19 monies in fiscal year 2024.

Capital Assets

At fiscal year-end, the School's capital assets decreased in comparison with the prior fiscal year. This decrease represents the amount in which current year depreciation/amortization exceeded current year acquisitions. See Note 5 of the basic financial statements for additional details.

Debt

At fiscal year-end, the School's long-term liabilities decreased in comparison with the prior fiscal year-end due to principal payments. See Note 6 of the basic financial statements for additional details.

Current Financial Issues

The future financial stability of the School is not without challenges. There will continue to be other challenges outside of the School's control (i.e. – the economy, the state budget). Since the primary source of funding is the state foundation program, an economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the School.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Richland School of Academic Arts and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Richland School of Academic Arts, 1456 Park Avenue, Mansfield, Ohio 44906.

Richland School of Academic Arts
Richland County, Ohio
Statement of Net Position
As of June 30, 2025

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 2,120,423
Receivables:	
Intergovernmental	85,767
Other	1,899
Prepaid Items	66,647
Total Current Assets	<u>2,274,736</u>

Noncurrent Assets:

Net OPEB Asset	192,375
Capital Assets:	
Depreciable Capital Assets, Net of Depreciation/Amortization	4,089,367
Total Noncurrent Assets	<u>4,281,742</u>
Total Assets	<u>6,556,478</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	626,689
OPEB	102,296
Total Deferred Outflows of Resources	<u>728,985</u>

LIABILITIES

Current Liabilities:

Accounts Payable	49,775
Accrued Wages and Benefits	207,277
Compensated Absences Payable	32,222
Intergovernmental Payable	42,881
Total Current Liabilities	<u>332,155</u>

Noncurrent Liabilities:

Compensated Absences Payable	21,481
Net Pension Liability	2,308,733
Net OPEB Liability	72,486
Total Noncurrent Liabilities	<u>2,402,700</u>
Total Liabilities	<u>2,734,855</u>

DEFERRED INFLOWS OF RESOURCES

Pension	343,622
OPEB	283,656
Total Deferred Inflows of Resources	<u>627,278</u>

NET POSITION

Net Investment in Capital Assets	4,089,367
Restricted for:	
Other	36,528
OPEB	192,375
Unrestricted	(394,940)
Total Net Position	<u>\$ 3,923,330</u>

See accompanying notes to the basic financial statements

Richland School of Academic Arts
Richland County, Ohio
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended June 30, 2025

OPERATING REVENUES

State Foundation	\$ 3,149,711
Other Unrestricted Grants-In-Aid	22,553
Other Operating Revenues	1,899
Total Operating Revenues	<u>3,174,163</u>

OPERATING EXPENSES

Salaries and Wages	1,790,266
Fringe Benefits	498,142
Purchased Services	1,025,846
Materials and Supplies	235,286
Depreciation/Amortization	291,485
Other	32,348
Total Operating Expenses	<u>3,873,373</u>
Operating Loss	<u>(699,210)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest Income	115,178
Interest and Fiscal Charges	(38,030)
Federal and State Grants	1,132,783
Contributions and Donations	33,560
Other	1,050
Total Non-operating Revenues (Expenses)	<u>1,244,541</u>

Change in Net Position	545,331
Net Position - Beginning of Year, as Previously reported	3,421,651
Cummulative effect of Restatement, see Note 13	<u>(43,652)</u>
Net Position, Beginning of Year, Restated, see Note 13	<u>3,377,999</u>
Net Position - End of Year	<u><u>\$ 3,923,330</u></u>

See accompanying notes to the basic financial statements

Richland County, Ohio
Richland School of Academic Arts
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from State of Ohio	\$ 3,138,195
Cash Received from Other Operations	22,553
Cash Payments for Salaries and Wages	(1,742,739)
Cash Payments for Fringe Benefits	(655,808)
Cash Payments for Purchased Services	(1,003,040)
Cash Payments for Materials and Supplies	(235,673)
Cash Payments for Other Expenses	(34,336)
Net Cash Used in Operating Activities	<u>(510,848)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grants	1,153,400
Contributions and Donations	33,560
Other	1,117
Net Cash Provided by Noncapital Financing Activities	<u>1,188,077</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Long-term Debt	(1,059,005)
Interest Paid on Long-term Debt	(38,030)
Payments for Capital Acquisitions	(51,574)
Net Cash Used in Capital and Related Financing Activities	<u>(1,148,609)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	115,178
Net Cash Provided by Investing Activities	<u>115,178</u>
Net Decrease in Cash and Cash Equivalents	(356,202)
Cash and Cash Equivalents - Beginning of Year	<u>2,476,625</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 2,120,423</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
OPERATING ACTIVITIES	
Operating Loss	\$ (699,210)
Adjustments:	
Depreciation/Amortization	291,485
(Increase) Decrease in Assets and Deferred Outflows:	
Intergovernmental Receivable	(11,516)
Other Receivable	(1,899)
Prepaid Items	(35,635)
Deferred Outflows - Pension	77,500
Deferred Outflows - OPEB	(3,924)
Net OPEB Asset	1,710
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	21,323
Accrued Wages and Benefits	11,319
Intergovernmental Payable	30,956
Compensated Absences Payable	10,051
Net Pension Liability	(204,810)
Net OPEB Liability	(28,465)
Deferred Inflows - Pension	47,814
Deferred Inflows - OPEB	(17,547)
Net Cash Used in Operating Activities	<u><u>\$ (510,848)</u></u>

See accompanying notes to the basic financial statements

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Richland School of Academic Arts (the School), formerly Richland School of Excellence, is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through eighth grade. The School initiation date was June 29, 2010. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The Buckeye Community Hope Foundation was the School's sponsor in the fiscal year. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of the Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which 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 controls the School's instructional/support facility staffed by non-certified and certificated full time teaching personnel who provide services to the students.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 11.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation/amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is defined as net position. The statement of revenues, expenses and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

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.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process

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

Cash and Cash Equivalents

All monies received by the School are maintained in demand deposit accounts and savings accounts. For internal accounting purposes, the School segregates its cash into separate funds. All highly liquid investments, with purchased maturities of three months or less are considered to be cash equivalents.

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

For the fiscal year 2025, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day, but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of \$500. Improvements are capitalized. The cost 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.

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

Description	Estimate Life
Building and Improvements	25 years
Furniture, Building, and Equipment	5 years

The School is reporting intangible right to use assets related to leased equipment. These intangible assets are being amortized in a systematic and rational manner over the lease term.

Estimates

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

Intergovernmental Revenues

The School is a participant in the State Foundation Program. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. The State distributes among all public schools, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. The proceeds received from the State's tax on casino revenue are recognized as operating revenues in the accounting period in which they are earned. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program and Other Unrestricted Grants-In-Aid distributed from the State's proceeds of the tax on gross casino revenue. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, interest earnings and expense, if any, comprise the non-operating revenues and expenses of the School.

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Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 8 and Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension and OPEB are explained in Note 8 and Note 9.

Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net position relating to expenses, which are due but unpaid as of fiscal year-end, including:

Accrued Wages and benefits payable - salary and related payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2025 contract.

Accounts payable - payments due for services or goods that were rendered or received during fiscal year 2025.

Intergovernmental payable - payments made after year-end for the Schools' share of retirement contributions and Medicare associated with services rendered during the fiscal year.

Compensated Absences

Sick leave benefits are carried forward at a minimal amount to future fiscal years. The School does not pay sick leave benefits upon termination or retirement.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan.

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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.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets, consists of capital assets, net of accumulated depreciation/amortization, less any outstanding capital related debt. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Economic Dependency

The School receives nearly 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

NOTE 3 – DEPOSITS

At June 30, 2025, the bank balance was \$124,958. The entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC).

Investments of the School as of June 30, 2025 were as follows:

<u>Investments</u>	<u>Net Asset Value</u>	<u>Percentage of Total</u>	<u>Investment Maturities</u>	
			<u>1 to 3 Years</u>	
STAR Ohio	\$ 2,526,270	100%	\$	2,526,270

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2025, the School does not have any fair value investments.

In accordance with GASB Statement No. 79, the School's investment in STAR Ohio is reported at amortized cost. For the fiscal year ended June 30, 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2025, is 30.4 days and carries a rating of Aam by S&P Global Ratings.

Interest Rate Risk: The School's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Academy, and that an investment must be purchased with the expectation that it will be held to maturity

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Credit Risk – The School’s investment policy limits investments to those authorized by State statute.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Beginning Balance 6/30/2024	Additions	Deletions	Ending Balance 6/30/2025
Capital Assets, Being Depreciated/Amortized				
Buildings and Building Improvements	\$ 5,474,280	\$ 40,214	\$ -	\$ 5,514,494
Furniture, and Equipment	547,767	11,360	-	559,127
Intangible Right to Use, Equipment	81,220	-	-	81,220
Total Capital Assets, Being Depreciated/Amortized	6,103,267	51,574	-	6,154,841
Less Accumulated Depreciation/Amortization				
Buildings and Building Improvements	(1,319,191)	(219,641)	-	(1,538,832)
Furniture, and Equipment	(381,700)	(63,722)	-	(445,422)
Intangible Right to Use, Equipment	(73,098)	(8,122)	-	(81,220)
Total Accumulated Depreciation/Amortization	(1,773,989)	(291,485)	-	(2,065,474)
Total Capital Assets, Being Depreciated/Amortized, Net	4,329,278	(239,911)	-	4,089,367
Total Capital Assets, Net	\$ 4,329,278	\$ (239,911)	\$ -	\$ 4,089,367

NOTE 6 - LONG-TERM LIABILITIES

The changes in the School’s long-term liabilities during fiscal year 2025 were as follows:

	Restated Beginning Balance 6/30/2024	Additions	Deletions	Ending Balance 6/30/2025	Due Within One Year
Direct Borrowing Loan Payable	\$ 1,059,005	\$ -	\$ (1,059,005)	\$ -	\$ -
Net Pension Liability	2,513,543	-	(204,810)	2,308,733	-
Net OPEB Liability	100,951	-	(28,465)	72,486	-
Compensated Absences*	43,652	10,051	-	53,703	32,222
Total Long-Term Obligations	<u>\$ 3,717,151</u>	<u>\$ 10,051</u>	<u>\$ (1,292,280)</u>	<u>\$ 2,434,922</u>	<u>\$ 32,222</u>

*- The change in compensated absences above is a net change for the year.

Direct Borrowing Loan Payable - During fiscal year 2020, the School entered into a loan with Mechanics Bank to finance building renovations. The loan carries an interest rate of 4.25 percent. As collateral for this loan, a security document was executed evidencing a lien on the property located at 1456 Park Avenue West. As of June 30, 2025, the School paid off the loan.

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NOTE 7 - RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2025, the School contracted for building and business personal property, general liability, and employer's liability. There was no significant reduction in coverage during the past three years. Settlement amounts did not exceed coverage amounts during the fiscal year.

Workers' Compensation

The School 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 determined by the State.

Employee Insurance Benefits

The School utilizes Anthem Blue Cross/Blue Shield to provide health insurance benefits to School employees.

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**Richland School of Academic Arts
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NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

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Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School’s contractually required contribution to SERS was \$39,669 for fiscal year 2025.

**Richland School of Academic Arts
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Notes to the Basic Financial Statements
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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 – July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 6. Effective on or after Aug. 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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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. For the fiscal year ended June 30, 2025, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2025 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was \$204,860 for fiscal year 2025.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0065965%	0.009979370%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0069835%</u>	<u>0.010142000%</u>	
Change in Proportionate Share	<u>0.0003870%</u>	<u>0.00016263%</u>	
Proportionate Share of the Net Pension			
Liability	\$357,248	\$1,951,485	\$ 2,308,733
Pension Expense	\$16,261	\$148,772	\$165,033

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At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 13,640	\$ 122,891	\$ 136,531
Changes of assumptions	3,195	89,936	93,131
Changes in proportion and differences between School contributions and proportionate share of contributions	14,336	138,162	152,498
School contributions subsequent to the measurement date	39,669	204,860	244,529
Total Deferred Outflows of Resources	<u>\$ 70,840</u>	<u>\$ 555,849</u>	<u>\$ 626,689</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 1,067	\$ 1,067
Changes of assumptions	-	67,696	67,696
Net difference between projected and actual earnings on pension plan investments	22,346	167,790	190,136
Changes in proportion and differences between School contributions and proportionate share of contributions	56,315	28,408	84,723
Total Deferred Inflows of Resources	<u>\$ 78,661</u>	<u>\$ 264,961</u>	<u>\$ 343,622</u>

\$244,529 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (45,608)	\$ (96,446)	\$ (142,054)
2027	3,848	222,254	226,102
2028	840	(6,401)	(5,561)
2029	(6,570)	(33,379)	(39,949)
Total	<u>\$ (47,490)</u>	<u>\$ 86,028</u>	<u>\$ 38,538</u>

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Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class.

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The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset 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	3.00 %	1.00 %
US Equity	22.00	5.81
Non-US Equity Developed	12.00	6.64
Non-US Equity Emerging	6.00	8.56
Fixed Income/Global Bonds	18.00	2.60
Private Equity	14.00	9.89
Real Estate/Real Assets	13.00	4.94
Infrastructure	7.00	6.12
Private Debt/Private Credit	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined rate of fiscal year 2024 was 14 percent. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$ 546,539	\$ 357,248	\$ 197,874

**Richland School of Academic Arts
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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

Actuarial assumptions used in the June 30, 2024 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	<u>1.00</u>	<u>2.40</u>
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4% and does not include 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.

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Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$ 3,148,087	\$ 1,951,485	\$ 939,365

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Richland County, Ohio
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For the Fiscal Year Ended June 30, 2025**

NOTE 9 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2025, the School's surcharge obligation was \$4,518, which is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability (asset) was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset			
Prior Measurement Date	0.0061277%	0.00997937%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.0071169%	0.01014200%	
Change in Proportionate Share	0.0009892%	0.00016263%	
Proportionate Share of the Net OPEB Liability	\$ 72,486	\$ -	\$ 72,486
Proportionate Share of the Net OPEB (Asset)	\$ -	\$ (192,375)	\$ (192,375)
OPEB Expense	\$ (3,657)	\$ (40,051)	\$ (43,708)

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At June 30, 2025, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 8,362	\$ 8,362
Changes of assumptions	31,113	23,682	54,795
Net difference between projected and actual earnings on pension plan investments	354	-	354
Changes in proportion and difference between School contributions and proportionate share of contributions	33,797	470	34,267
School contributions subsequent to the measurement date	<u>4,518</u>	<u>-</u>	<u>4,518</u>
Total Deferred Outflows of Resources	<u>\$ 69,782</u>	<u>\$ 32,514</u>	<u>\$ 102,296</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 78,156	\$ 20,728	\$ 98,884
Changes of assumptions	33,300	86,760	120,060
Net difference between projected and actual earnings on OPEB plan investments	-	8,258	8,258
Changes in proportion and difference between School contributions and proportionate share of contributions	<u>51,370</u>	<u>5,084</u>	<u>56,454</u>
Total Deferred Inflows of Resources	<u>\$ 162,826</u>	<u>\$ 120,830</u>	<u>\$ 283,656</u>

\$4,518 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (18,617)	\$ (30,031)	\$ (48,648)
2027	(14,737)	(13,637)	(28,374)
2028	(13,752)	(17,382)	(31,134)
2029	(12,504)	(16,204)	(28,708)
2030	(12,399)	(13,271)	(25,670)
Thereafter	<u>(25,553)</u>	<u>2,209</u>	<u>(23,344)</u>
Total	<u>\$ (97,562)</u>	<u>\$ (88,316)</u>	<u>\$ (185,878)</u>

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Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate/Real Assets	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024 was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination for the SEIR for both the June 30, 2023 and the June 30, 2024 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 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School's proportionate share of the net OPEB liability	\$ 96,657	\$ 72,486	\$ 53,278

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School's proportionate share of the net OPEB liability	\$ 48,997	\$ 72,486	\$ 103,358

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024, actuarial valuation is presented below:

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	3.94 percent
Medicare	-112.22 percent	3.94 percent
Prescription Drug		
Pre-Medicare	8.00 percent	3.94 percent
Medicare	-15.14 percent	3.94 percent

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

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

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

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	<u>1.00</u>	2.40
Total	<u><u>100.00 %</u></u>	

* Final Target weights reflected at October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB asset was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB asset as of June 30, 2024.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net OPEB (asset)	\$ (156,413)	\$ (192,375)	\$ (223,669)

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB (asset)	\$ (225,782)	\$ (192,375)	\$ (152,197)

Benefit Term Changes Since the Prior Measurement Date

Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

NOTE 10 – CONTINGENCIES

Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2025, if applicable, cannot be determined at this time. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at fiscal year-end.

Litigation

The School is not involved in any litigation that, in the opinion of management, would have material effect on the financial statements.

State Foundation Funding

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education and Workforce (DEW) 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, DEW may also perform an FTE review for the fiscal year that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

**Richland School of Academic Arts
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Notes to the Basic Financial Statements
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As of the date of this report, DEW has not performed an FTE Review on the Academy for fiscal year 2025, it is scheduled for fiscal year 2026. As of the date of this report, additional DEW adjustments for fiscal year 2025 have been finalized.

NOTE 11 - CONTRACTED FISCAL SERVICES

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform the following services:

1. Financial Management Services
2. Treasurer Services
3. Payroll / Payables Services
4. CCIP Budget / Federal Programs Monitoring
5. EMIS / DASL / SOES Services
6. Human Resources Services

NOTE 12 - PURCHASED SERVICES

During the fiscal year ended June 30, 2025, purchased service expenses for services rendered by various vendors were as follows:

Instruction service	\$ 1,956
Instructional Improvement Services	1,130
Health Services	78,040
Staff Services	70
Management Services	382,914
Data Processing Services	14,197
Professional/legal Services	9,750
Other Professional Services	38,226
Property Services	105,213
Communications	21,637
Tuition	104,870
Contracted Food Services	266,022
Pupil Transportation	1,821
Total	<u><u>\$ 1,025,846</u></u>

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

NOTE 13 - CHANGES IN ACCOUNTING PRINCIPLES

During the fiscal year, the School implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Statement No. 102, Certain Risk Disclosures – an Amendment of GASB Statement No. 62. GASB 100 The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

GASB Statement No. 101, Compensated Absences The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. For the School GASB 101 increased the liability and the cumulative effects of compensated absence related expense on net position as shown on the table below.

Net Position June 30, 2024, as previously reported	\$ 3,421,651
Adjustment:	
Change in Accounting Principle-	
Compensated Absences- GASB Statement No. 101	<u>(43,652)</u>
Net Position June 30, 2024, as restated	<u>\$ 3,377,999</u>

REQUIRED SUPPLEMENTARY INFORMATION

Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
School's Proportion of the Net Pension Liability	0.0069835%	0.0065965%	0.0088694%	0.0081799%
School's Proportionate Share of the Net Pension Liability	\$ 357,248	\$ 364,491	\$ 479,726	\$ 301,815
School's Covered Payroll	\$ 284,464	\$ 257,100	\$ 329,600	\$ 286,007
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	125.59%	141.77%	145.55%	105.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.0080443%	0.0068120%	0.0061471%	0.0043851%	0.0028510%	0.0002580%
\$ 532,067	\$ 408,732	\$ 352,056	\$ 262,000	\$ 208,667	\$ 147,080
\$ 280,950	\$ 260,770	\$ 193,630	\$ 147,371	\$ 93,136	\$ 81,320
189.38%	156.74%	181.82%	177.78%	224.05%	180.87%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
School's Proportion of the Net Pension Liability	0.01014200%	0.00997937%	0.00900476%	0.00931315%
School's Proportionate Share of the Net Pension Liability	\$ 1,951,485	\$ 2,149,052	\$ 2,001,769	\$ 1,190,770
School's Covered Payroll	\$ 1,436,500	\$ 1,359,214	\$ 1,230,121	\$ 1,161,371
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	135.85%	158.11%	162.73%	102.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.00960274%	0.00906064%	0.00787006%	0.00744649%	0.00675400%	0.00576900%
\$ 2,323,521	\$ 2,003,706	\$ 1,730,449	\$ 1,768,930	\$ 2,260,784	\$ 1,594,364
\$ 1,176,900	\$ 1,064,429	\$ 903,671	\$ 848,679	\$ 725,236	\$ 609,164
197.43%	188.24%	191.49%	208.43%	311.73%	261.73%
75.50%	77.40%	77.31%	75.29%	66.80%	72.10%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions – Pension
School Employees Retirement System of Ohio Last
Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 39,669	\$ 39,825	\$ 35,994	\$ 46,144
Contributions in Relation to the Contractually Required Contribution	<u>(39,669)</u>	<u>(39,825)</u>	<u>(35,994)</u>	<u>(46,144)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 283,350	\$ 284,464	\$ 257,100	\$ 329,600
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 40,041	\$ 39,333	\$ 35,204	\$ 26,140	\$ 20,632	\$ 13,039
<u>(40,041)</u>	<u>(39,333)</u>	<u>(35,204)</u>	<u>(26,140)</u>	<u>(20,632)</u>	<u>(13,039)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 286,007	\$ 280,950	\$ 260,770	\$ 193,630	\$ 147,371	\$ 93,136
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions Pension
State Teachers Retirement System of Ohio
Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ 204,860	\$ 201,110	\$ 190,290	\$ 172,217
Contributions in Relation to the Contractually Required Contribution	<u>(204,860)</u>	<u>(201,110)</u>	<u>(190,290)</u>	<u>(172,217)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 1,463,286	\$ 1,436,500	\$ 1,359,214	\$ 1,230,121
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 162,592	\$ 164,766	\$ 149,020	\$ 126,514	\$ 118,815	\$ 101,533
<u>(162,592)</u>	<u>(164,766)</u>	<u>(149,020)</u>	<u>(126,514)</u>	<u>(118,815)</u>	<u>(101,533)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,161,371	\$ 1,176,900	\$ 1,064,429	\$ 903,671	\$ 848,679	\$ 725,236
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
School's Proportion of the Net OPEB Liability	0.0071169%	0.0061277%	0.0083064%	0.0077540%
School's Proportionate Share of the Net OPEB Liability	\$ 72,486	\$ 100,951	\$ 116,623	\$ 146,745
School's Covered Payroll	\$ 284,464	\$ 257,100	\$ 329,600	\$ 286,007
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.48%	39.27%	35.38%	51.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

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

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.0074460%	0.0062770%	0.0061483%	0.0043744%	0.0028132%
\$ 161,819	\$ 157,853	\$ 170,570	\$ 117,397	\$ 80,185
\$ 280,950	\$ 260,768	\$ 193,630	\$ 147,373	\$ 93,137
57.60%	60.53%	88.09%	79.66%	86.09%
18.17%	15.57%	13.57%	12.46%	11.49%

Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net OPEB Liability/(Asset)
State Teachers Retirement System of Ohio
Last Nine Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
School's Proportion of the Net OPEB Liability/Asset	0.01014200%	0.00997937%	0.00900476%	0.00931300%
School's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (192,375)	\$ (194,085)	\$ (233,163)	\$ (196,357)
School's Covered Payroll	\$ 1,436,500	\$ 1,359,214	\$ 1,230,121	\$ 1,161,371
School's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-13.39%	-14.28%	-18.95%	-16.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	158.01%	168.52%	230.73%	174.73%

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

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.00960300%	0.00906100%	0.00787006%	0.00744649%	0.00675405%
\$ (168,773)	\$ (150,072)	\$ (126,464)	\$ 290,535	\$ 361,208
\$ 1,176,900	\$ 1,064,428	\$ 903,668	\$ 848,675	\$ 725,235
-14.34%	-14.10%	-13.99%	34.23%	49.81%
182.13%	174.74%	176.00%	47.11%	37.30%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions – OPEB
School Employees Retirement System of Ohio
Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution (1)	\$ 4,518	\$ 5,121	\$ 919	\$ 1,524
Contributions in Relation to the Contractually Required Contribution	<u>(4,518)</u>	<u>(5,121)</u>	<u>(919)</u>	<u>(1,524)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Covered Payroll	\$ 283,350	\$ 284,464	\$ 257,100	\$ 329,600
OPEB Contributions as a Percentage of Covered Payroll (1)	1.59%	1.80%	0.36%	0.46%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 1,838	\$ 518	\$ 1,744	\$ 3,899	\$ 2,035	\$ 1,097
<u>(1,838)</u>	<u>(518)</u>	<u>(1,744)</u>	<u>(3,899)</u>	<u>(2,035)</u>	<u>(1,097)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 286,007	\$ 280,950	\$ 260,768	\$ 193,630	\$ 147,373	\$ 93,137
0.64%	0.18%	0.67%	2.01%	1.38%	1.18%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions – OPEB
State Teachers Retirement System of Ohio
Last Ten Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 1,463,286	\$ 1,436,500	\$ 1,359,214	\$ 1,230,121
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,161,371	\$ 1,176,900	\$ 1,064,428	\$ 903,668	\$ 848,675	\$ 725,235
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025**

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2016-2017, 2020-2021, and 2024-2025.

For fiscal year 2018, the Cost-of-Living Adjustment (COLA) was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0%.

For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

For fiscal year 2022, SERS changed from a COLA of 2.5% to 2.0%.

For fiscal year 2023, SERS changed from a COLA of 2.0% to 2.5%.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2016, 2018-2021, and 2023-2025.

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 and (g) mortality among disable member 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 (h) change in discount rate from 7.75% to 7.5%.

For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0.85% to 0.50%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%. For fiscal year 2023, Cost-of-Living-Adjustments were increased from 2.00% to 2.50%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2016-2017 and 2019-2025.

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025**

For fiscal year 2018, STRS decreased the Cost-of Living Adjustment (COLA) to zero.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2016-2017, 2019-2021, and 2024-2025.

For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%.

For fiscal year 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2017-2025.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2017-2025 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025**

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent
Medicare Trend Assumption	
Medicare	
Fiscal year 2025	7.00 percent decreasing to 4.40 percent
Fiscal year 2024	6.75 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent
Pre – Medicare	
Fiscal year 2025	7.00 percent decreasing to 4.40 percent
Fiscal year 2024	7.00 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

Changes in Assumptions – STRS

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

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025**

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

For fiscal years 2020 and 2021, the health care cost trend rates were modified.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates modified.

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. The health care cost trend rates were modified.

For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -10.94% initial - 4.14% ultimate to -112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from -11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to -15.14% initial - 3.94% ultimate.

Changes in Benefit Terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal year 2017.

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

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

For fiscal year 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025**

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. 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 was no benefit term changes from the amounts reported for fiscal year 2023-2025.

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

To the Board of Directors
Richland School of Academic Arts
Richland County, Ohio
1456 Park Avenue West
Mansfield, OH 44906

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Richland School of Academic Arts, Richland County, Ohio (the “School”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated January 30, 2026.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School’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 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 School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements, however, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
January 30, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Richland School of Academic Arts
Richland County, Ohio
1456 Park Avenue West
Mansfield, OH 44906

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
January 30, 2026

**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

As management of the Richland School of Academic Arts (the School), formerly Richland Academy School of Excellence, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Total net position of the School increased \$541,969 in fiscal year 2024. Ending net position of the School was \$3.4 million, compared to \$2.9 million at June 30, 2023.
- Total assets increased \$221,735 from the prior year and total liabilities decreased by \$291,619 from the prior year.
- The School's operating loss for fiscal year 2024 was \$800,195.

Using this Annual Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and change in net position, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity.

Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position

The statement of net position and the statement of revenues, expenses and change in net position answer the question, "How did we do financially during the fiscal year?" The statement of net position includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net position; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

The statement of revenues, expenses and change in net position reports the change in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Financial Analysis

Table 1 provides a summary of the School's net position at June 30, 2024 compared to the prior fiscal year.

Table 1 - Net Position			
	2024	2023	Change
ASSETS			
Current Assets	\$ 2,605,072	\$ 2,060,787	\$ 544,285
Net OPEB Asset	194,085	233,163	(39,078)
Capital Assets, Net	4,329,278	4,612,750	(283,472)
Total Assets	7,128,435	6,906,700	221,735
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	704,189	702,676	1,513
OPEB	98,372	90,297	8,075
Total Deferred Outflows of Resources	802,561	792,973	9,588
LIABILITIES			
Current Liabilities	238,835	392,332	(153,497)
Long-term liabilities:			
Due within one year	145,442	151,491	(6,049)
Due in more than one year			
Loans Payable	913,563	1,062,012	(148,449)
Net Pension Liability	2,513,543	2,481,495	32,048
Net OPEB Liability	100,951	116,623	(15,672)
Total Liabilities	3,912,334	4,203,953	(291,619)
DEFERRED INFLOWS OF RESOURCES			
Pensions	295,808	293,086	2,722
OPEB	301,203	322,952	(21,749)
Total Deferred Inflows of Resources	597,011	616,038	(19,027)
NET POSITION			
Net Investment in Capital Assets	3,270,273	3,239,406	30,867
Restricted	299,768	335,696	(35,928)
Unrestricted	(148,390)	(695,420)	547,030
Total Net Position	\$ 3,421,651	\$ 2,879,682	\$ 541,969

Current and other assets increased in comparison with the prior fiscal year-end. This increase is primarily the result of an increase in cash and cash equivalents.

**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

The changes in net pension/OPEB liability (asset), deferred outflows/inflows for the School are fluctuations due to changes in the retirement systems unfunded liabilities/assets that are passed through to the School's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows, net OPEB asset and noncurrent liabilities are described in more detail in their respective notes.

Financial Analysis

Table 2 shows the change in net position for the fiscal year ended June 30, 2024 compared to the prior fiscal year.

Table 2 - Change in Net Position

	2024	2023	Change
OPERATING REVENUES			
Program Revenues:			
State Foundation	\$ 3,057,446	\$ 2,463,653	593,793
Other Unrestricted Grants-In-Aid	22,616	22,289	327
Other Operating Revenues	67	-	67
Total Operating Revenues	<u>3,080,129</u>	<u>2,485,942</u>	<u>594,187</u>
OPERATING EXPENSES			
Salaries	1,721,478	1,616,612	104,866
Fringe Benefits	590,641	568,871	21,770
Purchased Services	1,015,946	1,108,681	(92,735)
Materials and Supplies	248,949	265,178	(16,229)
Depreciation	300,341	281,133	19,208
Other	2,969	47,721	(44,752)
Total Operating Expenses	<u>3,880,324</u>	<u>3,888,196</u>	<u>(7,872)</u>
Operating Loss	(800,195)	(1,402,254)	
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	46,128	-	46,128
Interest and Fiscal Charges	(48,820)	(57,848)	9,028
Federal and State Grants	1,307,643	2,177,822	(870,179)
Contributions and Donations	37,106	-	37,106
Other Revenue	107	29,576	(29,469)
Total Non-Operating Revenues (Expenses)	<u>1,342,164</u>	<u>2,149,550</u>	<u>(807,386)</u>
Change in Net Position	541,969	747,296	
Net Position - Beginning of Year	<u>2,879,682</u>	<u>2,132,386</u>	
Net Position - End of Year	<u><u>\$ 3,421,651</u></u>	<u><u>\$ 2,879,682</u></u>	

State and federal grant revenue decreased in comparison with the prior fiscal year. This decrease is primarily the result of a decrease in revenues from the federal government related to the COVID-19 pandemic. The foundation grant increased due to the State of Ohio Biennial Budget increases.

The interest income increased due to an increase of STAR Ohio interest.

**Richland School of Academic Arts
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended June 30, 2024**

Capital Assets

At fiscal year-end, the School's capital assets decreased in comparison with the prior fiscal year. This decrease represents the amount in which current year depreciation/amortization exceeded current year acquisitions. See Note 5 of the basic financial statements for additional details.

Debt

At fiscal year-end, the School's long-term liabilities decreased in comparison with the prior fiscal year-end due to principal payments. See Note 6 of the basic financial statements for additional details.

Current Financial Issues

The future financial stability of the School is not without challenges. There will continue to be other challenges outside of the School's control (i.e. – the economy, the state budget). Since the primary source of funding is the state foundation program, an economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the School.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Richland School of Academic Arts and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Richland School of Academic Arts, 1456 Park Avenue, Mansfield, Ohio 44906.

Richland School of Academic Arts
Richland County, Ohio
Statement of Net Position
As of June 30, 2024

ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,476,625
Receivables:	
Intergovernmental	97,368
Other	67
Prepaid Items	31,012
Total Current Assets	<u>2,605,072</u>
Noncurrent Assets:	
Net OPEB Asset	194,085
Capital Assets:	
Depreciable Capital Assets, Net of Depreciation/Amortization	4,329,278
Total Noncurrent Assets	<u>4,523,363</u>
Total Assets	<u>7,128,435</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	704,189
OPEB	98,372
Total Deferred Outflows of Resources	<u>802,561</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	28,452
Accrued Wages and Benefits	195,958
Intergovernmental Payable	11,925
Unearned Revenue	2,500
Loans Payable	145,442
Total Current Liabilities	<u>384,277</u>
Noncurrent Liabilities:	
Loan Payable	913,563
Net Pension Liability	2,513,543
Net OPEB Liability	100,951
Total Noncurrent Liabilities	<u>3,528,057</u>
Total Liabilities	<u>3,912,334</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	295,808
OPEB	301,203
Total Deferred Inflows of Resources	<u>597,011</u>
NET POSITION	
Net Investment in Capital Assets	3,270,273
Restricted for:	
State Funded Programs	6,031
Federally Funded Programs	75,338
Other	24,314
OPEB	194,085
Unrestricted	(148,390)
Total Net Position	<u>\$ 3,421,651</u>

See accompanying notes to the basic financial statements

**Richland School of Academic Arts
Richland County, Ohio
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended June 30, 2024**

OPERATING REVENUES

State Foundation	\$ 3,057,446
Other Unrestricted Grants-In-Aid	22,616
Other Operating Revenues	67
Total Operating Revenues	<u>3,080,129</u>

OPERATING EXPENSES

Salaries and Wages	1,721,478
Fringe Benefits	590,641
Purchased Services	1,015,946
Materials and Supplies	248,949
Depreciation/Amortization	300,341
Other	2,969
Total Operating Expenses	<u>3,880,324</u>
Operating Loss	<u>(800,195)</u>

NON-OPERATING REVENUES (EXPENSES)

Interest Income	46,128
Interest and Fiscal Charges	(48,820)
Federal and State Grants	1,307,643
Contributions and Donations	37,106
Other	107
Total Non-operating Revenues (Expenses)	<u>1,342,164</u>

Change in Net Position	541,969
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Net Position - Beginning of Year	<u>2,879,682</u>
Net Position - End of Year	<u><u>\$ 3,421,651</u></u>

See accompanying notes to the basic financial statements

Richland County, Ohio
Richland School of Academic Arts
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from State of Ohio	\$ 3,055,646
Cash Received from Other Operations	22,616
Cash Payments for Salaries and Wages	(1,700,325)
Cash Payments for Fringe Benefits	(562,316)
Cash Payments for Purchased Services	(1,026,475)
Cash Payments for Materials and Supplies	(252,460)
Cash Payments for Other Expenses	(32,396)
Net Cash Used in Operating Activities	<u>(495,710)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grants	2,015,912
Contributions and Donations	37,106
Other	107
Net Cash Provided by Noncapital Financing Activities	<u>2,053,125</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Paid on Long-term Debt	(154,498)
Interest Paid on Long-term Debt	(48,820)
Payments for Capital Acquisitions	(176,710)
Net Cash Used in Capital and Related Financing Activities	<u>(380,028)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	46,128
Net Cash Provided by Investing Activities	<u>46,128</u>
Net Increase in Cash and Cash Equivalents	1,223,515
Cash and Cash Equivalents - Beginning of Year	<u>1,253,110</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,476,625</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
OPERATING ACTIVITIES	
Operating Loss	\$ (800,195)
Adjustments:	
Depreciation/Amortization	300,341
(Increase) Decrease in Assets and Deferred Outflows:	
Intergovernmental Receivable	2,040
Other Receivable	(67)
Prepaid Items	(31,012)
Deferred Outflows - Pension	(1,513)
Deferred Outflows - OPEB	(8,075)
Net OPEB Asset	39,078
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(12,944)
Accrued Wages and Benefits	36,079
Intergovernmental Payable	(16,791)
Net Pension Liability	32,048
Net OPEB Liability	(15,672)
Deferred Inflows - Pension	2,722
Deferred Inflows - OPEB	(21,749)
Net Cash Used in Operating Activities	<u>\$ (495,710)</u>
Schedule of Noncash Non-Capital and Capital Financing Activities	
Net Impact of Prior Year Accruals related to Capital Assets	159,841

See accompanying notes to the basic financial statements

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Richland School of Academic Arts (the School), formerly Richland School of Excellence, is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through eighth grade. The School initiation date was June 29, 2010. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The Buckeye Community Hope Foundation was the School's sponsor in the fiscal year. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of the Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which 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 controls the School's instructional/support facility staffed by non-certified and certificated full time teaching personnel who provide services to the students.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 11.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation/amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources is defined as net position. The statement of revenues, expenses and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

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.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process

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

Cash and Cash Equivalents

All monies received by the School are maintained in demand deposit accounts and savings accounts. For internal accounting purposes, the School segregates its cash into separate funds. All highly liquid investments, with purchased maturities of three months or less are considered to be cash equivalents.

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

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

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of \$500. Improvements are capitalized. The cost 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.

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

Description	Estimate Life
Building and Improvements	25 years
Furniture, Building, and Equipment	5 years

The School is reporting intangible right to use assets related to leased equipment. These intangible assets are being amortized in a systematic and rational manner over the lease term.

Estimates

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

Intergovernmental Revenues

The School is a participant in the State Foundation Program. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. The State distributes among all public schools, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. The proceeds received from the State's tax on casino revenue are recognized as operating revenues in the accounting period in which they are earned. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program and Other Unrestricted Grants-In-Aid distributed from the State's proceeds of the tax on gross casino revenue. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, interest earnings and expense, if any, comprise the non-operating revenues and expenses of the School.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 8 and Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension and OPEB are explained in Note 8 and Note 9.

Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net position relating to expenses, which are due but unpaid as of fiscal year-end, including:

Accrued Wages and benefits payable - salary and related payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2024 contract.

Accounts payable - payments due for services or goods that were rendered or received during fiscal year 2024.

Intergovernmental payable - payments made after year-end for the Schools' share of retirement contributions and Medicare associated with services rendered during the fiscal year.

Pensions and Other Postemployment Benefits (OPEB)

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

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets, consists of capital assets, net of accumulated depreciation/amortization, less any outstanding capital related debt. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Economic Dependency

The School receives nearly 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

NOTE 3 – DEPOSITS

At June 30, 2024, the bank balance was \$185,151. The entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC).

Investments of the School as of June 30, 2024 were as follows:

<u>Investments</u>	<u>Net Asset Value</u>	<u>Percentage of Total</u>	<u>Investment Maturities</u>	
			<u>1 to 3 Years</u>	
STAR Ohio	\$ 2,526,270	100%	\$	2,526,270

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2024, the School does not have any fair value investments.

In accordance with GASB Statement No. 79, the School's investment in STAR Ohio is reported at amortized cost. For the fiscal year ended June 30, 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2024, is 46.5 days and carries a rating of Aam by S&P Global Ratings.

Interest Rate Risk: The School's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Academy, and that an investment must be purchased with the expectation that it will be held to maturity

Credit Risk – The School's investment policy limits investments to those authorized by State statute.

Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs.

NOTE 5 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Being Depreciated/Amortized				
Buildings and Building Improvements	\$ 5,474,280	\$ -	\$ -	\$ 5,474,280
Furniture, and Equipment	530,898	16,869	-	547,767
Intangible Right to Use, Equipment	81,220	-	-	81,220
Total Capital Assets, Being Depreciated/Amortized	6,086,398	16,869	-	6,103,267
Less Accumulated Depreciation/Amortization				
Buildings and Building Improvements	(1,100,220)	(218,971)	-	(1,319,191)
Furniture, and Equipment	(316,574)	(65,126)	-	(381,700)
Intangible Right to Use, Equipment	(56,854)	(16,244)	-	(73,098)
Total Accumulated Depreciation/Amortization	(1,473,648)	(300,341)	-	(1,773,989)
Total Capital Assets, Being Depreciated/Amortized, Net	4,612,750	(283,472)	-	4,329,278
Total Capital Assets, Net	\$ 4,612,750	\$ (283,472)	\$ -	\$ 4,329,278

NOTE 6 - LONG-TERM LIABILITIES

The changes in the School's long-term liabilities during fiscal year 2024 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Direct Borrowing Loan Payable	\$ 1,197,259	\$ -	\$ (138,254)	\$ 1,059,005	\$ 145,442
Net Pension Liability	2,481,495	32,048	-	2,513,543	-
Net OPEB Liability	116,623	-	(15,672)	100,951	-
Leases Payable	16,244	-	(16,244)	-	-
Total Long-Term Obligations	<u>\$ 3,811,621</u>	<u>\$ 32,048</u>	<u>\$ (170,170)</u>	<u>\$ 3,673,499</u>	<u>\$ 145,442</u>

Direct Borrowing Loan Payable - During fiscal year 2020, the School entered into a loan with Mechanics Bank to finance building renovations. The loan carries an interest rate of 4.25 percent. As collateral for this loan, a security document was executed evidencing a lien on the property located at 1456 Park Avenue West. As of June 30, 2024, the School had drawn down \$1,492,227.

**Richland School of Academic Arts
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Fiscal Year Ended June 30,	Loans		
	Principal	Interest	Total
2025	\$ 145,442	\$ 41,631	\$ 187,073
2026	151,745	35,329	187,074
2027	158,322	28,752	187,074
2028	165,183	21,890	187,073
2029	172,342	14,732	187,074
2030-2031	265,971	7,993	273,964
Total	<u>\$ 1,059,005</u>	<u>\$ 150,327</u>	<u>\$1,209,332</u>

Leases Payable - The School entered into a lease agreement with Xerox Financial Services LLC for the lease of five copiers. The term of the lease is 60 months.

NOTE 7 - RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2024, the School contracted for building and business personal property, general liability, and employer's liability. There was no significant reduction in coverage during the past three years. Settlement amounts did not exceed coverage amounts during the fiscal year.

Workers' Compensation

The School 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 determined by the State.

Employee Insurance Benefits

The School utilizes Anthem Blue Cross/Blue Shield to provide health insurance benefits to School employees.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
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Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School’s contractually required contribution to SERS was \$39,825 for fiscal year 2024. Of this amount, \$2,654 was reported as an intergovernmental payable.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member’s DC account and the remaining 2 percent is applied to the DB Plan.

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

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.

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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. For the fiscal year ended June 30, 2024, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was \$201,110 for fiscal year 2024. Of this amount, \$21,048 was reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers.

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

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.0088694%	0.009004760%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.0065965%	0.009979370%	
Change in Proportionate Share	<u>-0.0022729%</u>	<u>0.00097461%</u>	
Proportionate Share of the Net Pension			
Liability	\$364,491	\$2,149,052	\$ 2,513,543
Pension Expense	\$16,246	\$257,946	\$274,192

**Richland School of Academic Arts
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Notes to the Basic Financial Statements
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At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 15,667	\$ 78,350	\$ 94,017
Changes of assumptions	2,581	176,986	179,567
Changes in proportion and differences between School contributions and proportionate share of contributions	12,503	177,167	189,670
School contributions subsequent to the measurement date	39,825	201,110	240,935
Total Deferred Outflows of Resources	<u>\$ 70,576</u>	<u>\$ 633,613</u>	<u>\$ 704,189</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 4,767	\$ 4,767
Changes of assumptions	-	133,219	133,219
Net difference between projected and actual earnings on pension plan investments	5,121	6,442	11,563
Changes in proportion and differences between School contributions and proportionate share of contributions	89,441	56,818	146,259
Total Deferred Inflows of Resources	<u>\$ 94,562</u>	<u>\$ 201,246</u>	<u>\$ 295,808</u>

\$240,935 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ (17,725)	\$ 13,835	\$ (3,890)
2026	(46,812)	(61,894)	(108,706)
2027	456	252,151	252,607
2028	270	27,165	27,435
Total	<u>\$ (63,811)</u>	<u>\$ 231,257</u>	<u>\$ 167,446</u>

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Actuarial Assumptions – SERS

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

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of investment expenses
Actuarial Cost Method	Entry Age Normal

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

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

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class.

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The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined rate of fiscal year 2023 was 14 percent. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$ 537,970	\$ 364,491	\$ 2,183,677

**Richland School of Academic Arts
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Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

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

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:

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

* Final target weights reflected at October 1, 2022.

** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$ 3,304,765	\$ 2,149,052	\$ 1,171,633

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NOTE 9 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2024, the School's surcharge obligation was \$5,121, which is reported as an intergovernmental payable.

**Richland School of Academic Arts
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Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset			
Prior Measurement Date	0.0083064%	0.00900476%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.0061277%	0.00997937%	
Change in Proportionate Share	-0.0021787%	0.00097461%	
Proportionate Share of the Net OPEB Liability	\$ 100,951	\$ -	\$ 100,951
Proportionate Share of the Net OPEB (Asset)	\$ -	\$ (194,085)	\$ (194,085)
OPEB Expense	\$ 1,440	\$ (2,737)	\$ (1,297)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 210	\$ 303	\$ 513
Changes of assumptions	34,132	28,591	62,723
Net difference between projected and actual earnings on pension plan investments	783	345	1,128
Changes in proportion and difference between School contributions and proportionate share of contributions	25,695	3,192	28,887
School contributions subsequent to the measurement date	5,121	-	5,121
Total Deferred Outflows of Resources	<u>\$ 65,941</u>	<u>\$ 32,431</u>	<u>\$ 98,372</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 52,063	\$ 29,603	\$ 81,666
Changes of assumptions	28,668	128,055	156,723
Changes in proportion and difference between School contributions and proportionate share of contributions	57,964	4,850	62,814
Total Deferred Inflows of Resources	<u>\$ 138,695</u>	<u>\$ 162,508</u>	<u>\$ 301,203</u>

\$5,121 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ (11,970)	\$ (54,876)	\$ (66,846)
2026	(13,311)	(26,643)	(39,954)
2027	(10,293)	(10,508)	(20,801)
2028	(9,815)	(14,203)	(24,018)
2029	(8,822)	(13,034)	(21,856)
Thereafter	(23,664)	(10,813)	(34,477)
Total	<u>\$ (77,875)</u>	<u>\$ (130,077)</u>	<u>\$ (207,952)</u>

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Actuarial Assumptions – SERS

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

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.79 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

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

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School's proportionate share of the net OPEB liability	\$ 129,044	\$ 100,951	\$ 78,798

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School's proportionate share of the net OPEB liability	\$ 74,165	\$ 100,951	\$ 136,445

Actuarial Assumptions – STRS

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

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	4.14 percent
Medicare	-10.94 percent	4.14 percent
Prescription Drug		
Pre-Medicare	-11.95 percent	4.14 percent
Medicare	1.33 percent	4.14 percent

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

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

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

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

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

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

* Final Target weights reflected at October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should

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

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

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net OPEB (asset)	\$ (164,268)	\$ (194,085)	\$ (220,053)

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB (asset)	\$ (221,258)	\$ (194,085)	\$ (161,356)

Benefit Term Changes Since the Prior Measurement Date

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

NOTE 10 – CONTINGENCIES

Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2024, if applicable, cannot be determined at this time. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at fiscal year-end.

Litigation

The School is not involved in any litigation that, in the opinion of management, would have material effect on the financial statements.

State Foundation Funding

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

Under Ohio 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 performed such a review on the School for fiscal year 2024. As of the date of this report, additional ODE adjustments for fiscal year 2024 have been finalized.

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

NOTE 11 - CONTRACTED FISCAL SERVICES

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform the following services:

1. Financial Management Services
2. Treasurer Services
3. Payroll / Payables Services
4. CCIP Budget / Federal Programs Monitoring
5. EMIS / DASL / SOES Services
6. Human Resources Services

NOTE 12 - PURCHASED SERVICES

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

Instruction service	\$ 7,164
Instructional Improvement Services	668
Health Services	86,608
Staff Services	150
Management Services	157,614
Data Processing Services	27,784
Professional/legal Services	4,339
Other Professional Services	317,254
Property Services	87,096
Communications	13,556
Tuition	87,326
Contracted Food Services	224,843
Pupil Transportation	1,544
Total	<u><u>\$ 1,015,946</u></u>

**Richland School of Academic Arts
Richland County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

NOTE 13 - CHANGES IN ACCOUNTING PRINCIPLES

During the fiscal year, the School implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Statement No. 100, Accounting Change and Error Corrections – an Amendment of GASB Statement No. 62. GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School's Proportion of the Net Pension Liability	0.0065965%	0.0088694%	0.0081799%	0.0080443%
School's Proportionate Share of the Net Pension Liability	\$ 364,491	\$ 479,726	\$ 301,815	\$ 532,067
School's Covered Payroll	\$ 257,100	\$ 329,600	\$ 286,007	\$ 280,950
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	141.77%	145.55%	105.53%	189.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.0068120%	0.0061471%	0.0043851%	0.0028510%	0.0002580%	0.000236%
\$ 408,732	\$ 352,056	\$ 262,000	\$ 208,667	\$ 147,080	\$ 119,287
\$ 260,770	\$ 193,630	\$ 147,371	\$ 93,136	\$ 81,320	\$ 67,926
156.74%	181.82%	177.78%	224.05%	180.87%	175.61%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021
School's Proportion of the Net Pension Liability	0.00997937%	0.00900476%	0.00931315%	0.00960274%
School's Proportionate Share of the Net Pension Liability	\$ 2,149,052	\$ 2,001,769	\$ 1,190,770	\$ 2,323,521
School's Covered Payroll	\$ 1,359,214	\$ 1,230,121	\$ 1,161,371	\$ 1,176,900
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.11%	162.73%	102.53%	197.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.00906064%	0.00787006%	0.00744649%	0.00675400%	0.00576900%	0.00056800%
\$ 2,003,706	\$ 1,730,449	\$ 1,768,930	\$ 2,260,784	\$ 1,594,364	\$ 1,382,363
\$ 1,064,429	\$ 903,671	\$ 848,679	\$ 725,236	\$ 609,164	\$ 589,007
188.24%	191.49%	208.43%	311.73%	261.73%	234.69%
77.40%	77.31%	75.29%	66.80%	72.10%	74.70%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions – Pension
School Employees Retirement System of Ohio Last
Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 39,825	\$ 35,994	\$ 46,144	\$ 40,041
Contributions in Relation to the Contractually Required Contribution	<u>(39,825)</u>	<u>(35,994)</u>	<u>(46,144)</u>	<u>(40,041)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 284,464	\$ 257,100	\$ 329,600	\$ 286,007
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 39,333	\$ 35,204	\$ 26,140	\$ 20,632	\$ 13,039	\$ 10,718
<u>(39,333)</u>	<u>(35,204)</u>	<u>(26,140)</u>	<u>(20,632)</u>	<u>(13,039)</u>	<u>(10,718)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 280,950	\$ 260,770	\$ 193,630	\$ 147,371	\$ 93,136	\$ 81,320
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions Pension
State Teachers Retirement System of Ohio
Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ 201,110	\$ 190,290	\$ 172,217	\$ 162,592
Contributions in Relation to the Contractually Required Contribution	<u>(201,110)</u>	<u>(190,290)</u>	<u>(172,217)</u>	<u>(162,592)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 1,436,500	\$ 1,359,214	\$ 1,230,121	\$ 1,161,371
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 164,766	\$ 149,020	\$ 126,514	\$ 118,815	\$ 101,533	\$ 85,283
<u>(164,766)</u>	<u>(149,020)</u>	<u>(126,514)</u>	<u>(118,815)</u>	<u>(101,533)</u>	<u>(85,283)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,176,900	\$ 1,064,429	\$ 903,671	\$ 848,679	\$ 725,236	\$ 609,164
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Eight Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School's Proportion of the Net OPEB Liability	0.0061277%	0.0083064%	0.0077540%	0.0074460%
School's Proportionate Share of the Net OPEB Liability	\$ 100,951	\$ 116,623	\$ 146,745	\$ 161,819
School's Covered Payroll	\$ 257,100	\$ 329,600	\$ 286,007	\$ 280,950
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.27%	35.38%	51.31%	57.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.0062770%	0.0061483%	0.0043744%	0.0028132%
\$ 157,853	\$ 170,570	\$ 117,397	\$ 80,185
\$ 260,768	\$ 193,630	\$ 147,373	\$ 93,137
60.53%	88.09%	79.66%	86.09%
15.57%	13.57%	12.46%	11.49%

Richland School of Academic Arts
Richland County, Ohio
Schedule of the School's Proportionate Share of the Net OPEB Liability/Asset
State Teachers Retirement System of Ohio
Last Eight Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School's Proportion of the Net OPEB Liability/Asset	0.00997937%	0.00900476%	0.00931300%	0.00960300%
School's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (194,085)	\$ (233,163)	\$ (196,357)	\$ (168,773)
School's Covered Payroll	\$ 1,359,214	\$ 1,230,121	\$ 1,161,371	\$ 1,176,900
School's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.28%	-18.95%	-16.91%	-14.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	168.52%	230.73%	174.73%	182.13%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.00906100%	0.00787006%	0.00744649%	0.00675405%
\$ (150,072)	\$ (126,464)	\$ 290,535	\$ 361,208
\$ 1,064,428	\$ 903,668	\$ 848,675	\$ 725,235
-14.10%	-13.99%	34.23%	49.81%
174.74%	176.00%	47.11%	37.30%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions – OPEB
School Employees Retirement System of Ohio
Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution (1)	\$ 5,121	\$ 919	\$ 1,524	\$ 1,838
Contributions in Relation to the Contractually Required Contribution	<u>(5,121)</u>	<u>(919)</u>	<u>(1,524)</u>	<u>(1,838)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Covered Payroll	\$ 284,464	\$ 257,100	\$ 329,600	\$ 286,007
OPEB Contributions as a Percentage of Covered Payroll (1)	1.80%	0.36%	0.46%	0.64%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 518	\$ 1,744	\$ 3,899	\$ 2,035	\$ 1,097	\$ 1,665
<u>(518)</u>	<u>(1,744)</u>	<u>(3,899)</u>	<u>(2,035)</u>	<u>(1,097)</u>	<u>(1,665)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 280,950	\$ 260,768	\$ 193,630	\$ 147,373	\$ 93,137	\$ 81,320
0.18%	0.67%	2.01%	1.38%	1.18%	2.05%

**Richland School of Academic Arts
Richland County, Ohio
Schedule of School Contributions – OPEB
State Teachers Retirement System of Ohio
Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School Covered Payroll	\$ 1,436,500	\$ 1,359,214	\$ 1,230,121	\$ 1,161,371
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,176,900	\$ 1,064,428	\$ 903,668	\$ 848,675	\$ 725,235	\$ 609,166
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024**

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2024.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016, 2018-2021, and 2024. 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 and (g) mortality among disable member 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 (h) change in discount rate from 7.75% to 7.5%. For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.00% to 2.40%, (b) assumed real wage growth was reduced from 0.85% to 0.85%, (c) Cost-of-Living-Adjustments was reduced from 2.50% to 2.00% (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality amount active members, service retirees and beneficiaries, and disabled members were updated (i) change in discount rate from 7.50% to 7.00%. For fiscal year 2023, Cost-of-Living-Adjustments were increased from 2.00% to 2.50%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2024.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017, 2019-2021, and 2024. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024**

For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment return assumption lowered from 7.45% to 7.00%, (b) discount rate of return reduced from 7.45% to 7.00%. For fiscal year 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from, 12.50% at age 20 to 2.50% at age 65, to, varies by service from 2.50% to 8.50% (b) post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2024.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2023 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

**Single Equivalent Interest Rate, net of plan investment expense,
including price inflation**

Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024**

Medicare Trend Assumption

Medicare

Fiscal year 2024	6.75 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	5.125 percent decreasing to 4.40 percent
Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent

Pre – Medicare

Fiscal year 2024	7.00 percent decreasing to 4.40 percent
Fiscal year 2023	7.00 percent decreasing to 4.40 percent
Fiscal year 2022	6.75 percent decreasing to 4.40 percent
Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

Changes in Assumptions – STRS

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

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

For fiscal years 2020 and 2021, the health care cost trend rates were modified.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to 7.00 percent. The health care cost trend rates modified.

For fiscal year 2023, projected salary increases changed from, 12.50% at age to 2.50% at age 65, to, varies by service from 2.50% to 8.50%. The health care cost trend rates were modified.

For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

**Richland School of Academic Arts
Richland County, Ohio
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024**

Changes in Benefit Terms – STRS

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

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

For fiscal year 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. 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.

There were no benefit term changes from the amounts reported for fiscal year 2022-2024.

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

To the Board of Directors
Richland School of Academic Arts
Richland County, Ohio
1456 Park Avenue West
Mansfield, OH 44906

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Richland School of Academic Arts, Richland County, Ohio (the “School”) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements and have issued our report thereon dated January 30, 2026.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School’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 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 School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements, however, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
January 30, 2026

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

To the Board of Directors
Richland School of Academic Arts
Richland County, Ohio
1456 Park Avenue West
Mansfield, OH 44906

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Richland School of Academic Arts’ (the “School”), Richland County, Ohio, compliance with the types of compliance requirements identified as subject to audit in the *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2024. The School’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 School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the School 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 School’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 School’s federal programs.

Auditor's Responsibility 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 School'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 School'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 School'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 School'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 School'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.
Wooster, Ohio
January 30, 2026

**RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Grant Year	Federal Disbursements	Amount Paid to Subrecipients
U. S. Department of Education				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Title I	84.010A	2024	\$ 144,975	\$ -
<i>Special Education Cluster:</i>				
IDEA Part B	84.027A	2024	119,221	-
<i>Total Special Education Cluster</i>			119,221	-
COVID-19 - Education Stabilization Fund	84.425D	2024	84,320	-
COVID-19 - ARP - Education Stabilization Fund	84.425U	2024	706,849	-
<i>Total Education Stabilization Fund</i>			791,169	-
Title II-A Improving Teacher Quality	84.367A	2024	17,376	-
Student Support and Academic Enrichment	84.425A	2024	21,211	-
<i>Total U.S. Department of Education</i>			1,093,952	-
U. S. Department of Agriculture				
<i>Passed Through the Ohio Department of Education and Workforce:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Cash Assistance:</i>				
School Breakfast Program	10.553	2024	108,416	-
National School Lunch Program	10.555	2024	122,247	-
<i>Total Child Nutrition Cluster</i>			230,663	-
<i>Total U.S. Department of Agriculture</i>			230,663	-
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 1,324,615	\$ -

The accompanying notes are an integral part of this schedule.

Richland School of Academic Arts
Richland County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2024

NOTE A – BASIS OF PRESENTATION

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

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

Richland School of Academic Arts
Richland County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	None Reported
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies 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): COVID-19 Education Stabilization Fund & ARP-Education Stabilization Fund	ALN # 84.425D/84.425U
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



THE RICHLAND SCHOOL OF ACADEMIC ARTS

RICHLAND 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 5/14/2026

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

This report is a matter of public record and is available online at
www.ohioauditor.gov