

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2017**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Board Members  
Renaissance Academy  
4300 Kimberly Pkwy, North  
Columbus, Ohio 43232

We have reviewed the *Independent Auditor's Report* of the Renaissance Academy, Franklin County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2016 through June 30, 2017. 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 Renaissance Academy is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 9, 2018

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**RENAISSANCE ACADEMY  
FRANKLIN COUNTY, OHIO  
AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
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Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Members of the Board  
Renaissance Academy  
Columbus, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Renaissance Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

***Management's Responsibility 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Renaissance Academy as of June 30, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

December 12, 2017

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

The management's discussion and analysis of the Renaissance Academy's (the "School") financial performance provides an overall review of the School's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements, financial statements and required supplementary information to enhance their understanding of the School's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- In total, net position was a deficit balance of \$1,682,940 at June 30, 2017.
- The School had operating revenues of \$1,446,622, operating expenses of \$2,036,118, non-operating revenues of \$650,811 and non-operating expenses of \$2,664 for fiscal year 2017. Total change in net position for the fiscal year was an increase of \$58,651.

**Using the Basic Financial Statements**

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

**Reporting the School's Financial Activities**

These documents look at all financial transactions and ask the question, "How did we do financially during 2017?" The statement of net position and statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and changes 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.

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



**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017

The table below provides a summary of the School's net position for fiscal year 2017 and 2016.

**Net Position**

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Current assets	\$ 353,213	\$ 164,096
Capital assets, net	<u>38,386</u>	<u>52,723</u>
Total assets	<u>391,599</u>	<u>216,819</u>
<b><u>Deferred outflows of resources</u></b>	<u>566,509</u>	<u>340,406</u>
<b><u>Liabilities</u></b>		
Current liabilities	212,546	128,897
Non-current liabilities	<u>2,282,116</u>	<u>2,067,885</u>
Total liabilities	<u>2,494,662</u>	<u>2,196,782</u>
<b><u>Deferred inflows of resources</u></b>	<u>146,386</u>	<u>102,034</u>
<b><u>Net Position</u></b>		
Investment in capital assets	38,386	52,723
Restricted	171,377	49,118
Unrestricted (deficit)	<u>(1,892,703)</u>	<u>(1,843,432)</u>
Total net position (deficit)	<u>\$ (1,682,940)</u>	<u>\$ (1,741,591)</u>

*Net Pension Liability*

The School has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

Under the standards required by GASB 68, the net pension liability equals the School's proportionate share of each plan's collective:

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, the School’s statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan’s *change* in net pension liability not accounted for as deferred inflows/outflows. In addition, the School has reported a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

*Analysis of Net Position*

Current and other increased due to increased cash and cash equivalents due to fiscal year 2017 operations and increased intergovernmental receivables related to Title I. Current liabilities increased due to increased accrued wages and benefits due at fiscal year-end and increased accounts payable for good and services received in fiscal year 2017 but not paid till fiscal year 2018. Long-term liabilities increased primarily due to an increase in the School’s net pension liability. In relation to its effect on net position, the impact of the increase in the net pension liability is partially offset by an increase in deferred outflows of resources related to pension. These factors are outside of the control of the School. The School contributes its statutorily required contributions to the pension systems; however, it’s the pension systems that collect, hold and distribute pensions to School employees, not the School.

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2017, the School’s net position was a deficit balance of \$1,682,940.

At year-end, capital assets represented 9.80% of total assets. Capital assets consisted of furniture, fixtures, equipment, and textbooks. Net position invested in capital assets at June 30, 2017, was \$38,386. These capital assets are used to provide services to the students and are not available for future spending. The School had no capital related debt at June 30, 2017.

A portion of the School’s net position, \$171,377, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit balance of \$1,892,703.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**

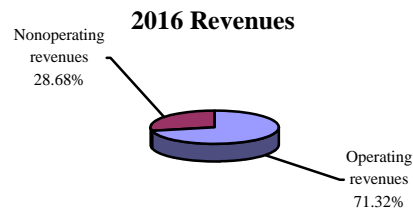
The table below shows the changes in net position for fiscal year 2017 and 2016.

**Change in Net Position**

	<u>2017</u>	<u>2016</u>
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 1,446,622	\$ 1,161,632
Total operating revenue	<u>1,446,622</u>	<u>1,161,632</u>
<b><u>Operating Expenses:</u></b>		
Salaries and wages	912,279	724,604
Fringe benefits	262,723	169,527
Purchased services	683,144	641,735
Materials and supplies	145,055	114,925
Other	18,580	6,322
Depreciation	<u>14,337</u>	<u>24,631</u>
Total operating expenses	<u>2,036,118</u>	<u>1,681,744</u>
<b><u>Non-operating Revenues (Expenses):</u></b>		
Grants and subsidies	637,445	443,775
Miscellaneous	13,366	23,421
Interest and fiscal charges	<u>(2,664)</u>	<u>(5,030)</u>
Total non-operating revenues (expenses)	<u>648,147</u>	<u>462,166</u>
Change in net position	58,651	(57,946)
Net position (deficit) at beginning of year	<u>(1,741,591)</u>	<u>\$ (1,683,645)</u>
Net position (deficit) at end of year	<u>\$ (1,682,940)</u>	<u>\$ (1,741,591)</u>

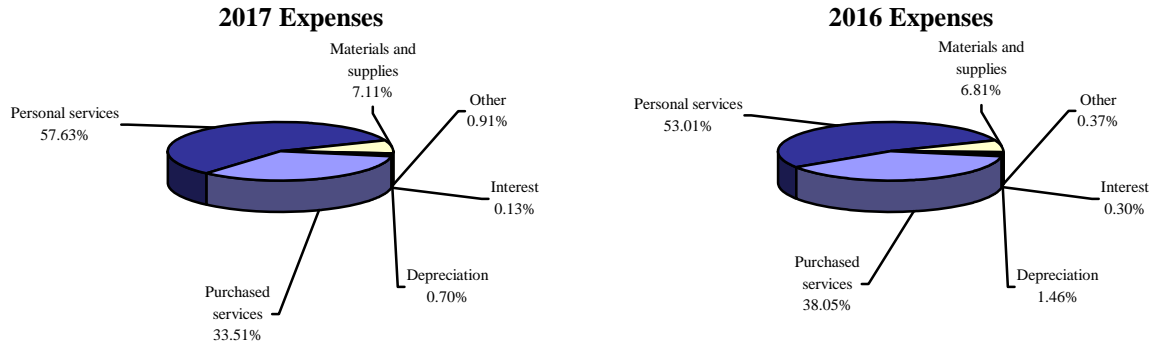
The School's foundation revenue increased \$284,990, or 24.53%, from fiscal year 2016 due to increased enrollment. Grant and subsidies revenue increased due to the School receiving more Title I grant funding in fiscal year 2017. Operating expenses increased \$354,374, or 21.07%, primarily due to an increase in the number of certified staff. Fringe benefits increased primarily due to pension expenses related to the increase in the School's net pension liability. Purchased services increased primarily in the area of contracted food service costs. Materials and supplies increased due to the purchase of Title I supplies.

The charts below illustrate the revenues and expenses for the School during fiscal 2017 and 2016.



**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2017**



**Capital Assets**

At June 30, 2017, the School had \$38,386 (net of accumulated depreciation) invested in furniture, fixtures, equipment, computers and textbooks. During fiscal year 2017, the School had no capital asset additions or disposals. See Note 6 to the basic financial statements for more detail on capital assets.

**Debt Administration**

At June 30, 2017, the School had an outstanding note payable for past rent payments and had an unemployment settlement obligation for past unemployment owed. These obligations are further described in Note 13 to the basic financial statements.

**Current Financial Related Activities**

The School is reliant upon State Foundation monies and State and Federal Grants to offer quality educational services to students. In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for other State and Federal funds that are made available to finance its operations.

**Contacting the School's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Hueston Lauderman, Treasurer, Par Excellence School, 1555 Elaine Rd., Columbus, Ohio 43227.

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**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF NET POSITION  
JUNE 30, 2017

<b>Assets:</b>	
Current assets:	
Cash and cash equivalents . . . . .	\$ 72,671
Receivables:	
Intergovernmental . . . . .	253,237
Prepayments . . . . .	<u>27,305</u>
Total current assets . . . . .	353,213
Non-current assets:	
Depreciable capital assets, net . . . . .	<u>38,386</u>
Total assets. . . . .	<u>391,599</u>
<b>Deferred outflows of resources:</b>	
Pension - STRS . . . . .	384,610
Pension - SERS . . . . .	<u>181,899</u>
Total deferred outflows of resources . . . . .	<u>566,509</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable. . . . .	41,464
Accrued wages and benefits . . . . .	109,492
Pension and postemployment benefits payable . . . . .	17,739
Intergovernmental payable . . . . .	2,988
Unemployment settlement payable - current . . . . .	13,672
Note payable - current . . . . .	<u>27,191</u>
Total current liabilities . . . . .	<u>212,546</u>
Non-current liabilities:	
Unemployment settlement payable . . . . .	17,090
Net pension liability . . . . .	<u>2,265,026</u>
Total non-current liabilities . . . . .	<u>2,282,116</u>
Total liabilities . . . . .	<u>2,494,662</u>
<b>Deferred inflows of resources:</b>	
Pension - SERS . . . . .	<u>146,386</u>
Total liabilities . . . . .	<u>2,641,048</u>
<b>Net position:</b>	
Investment in capital assets. . . . .	38,386
Restricted for:	
Restricted for federal programs . . . . .	105,007
Restricted for food service operations . . . . .	66,370
Unrestricted (deficit) . . . . .	<u>(1,892,703)</u>
Total net position (deficit) . . . . .	<u>\$ (1,682,940)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<b>Operating revenues:</b>	
Foundation revenue . . . . .	<u>\$ 1,446,622</u>
<b>Operating expenses:</b>	
Salaries and wages. . . . .	912,279
Fringe benefits. . . . .	262,723
Purchased services. . . . .	683,144
Materials and supplies . . . . .	145,055
Other. . . . .	18,580
Depreciation . . . . .	<u>14,337</u>
Total operating expenses. . . . .	<u>2,036,118</u>
Operating loss. . . . .	<u>(589,496)</u>
<b>Non-operating revenues (expenses):</b>	
Grants and subsidies. . . . .	637,445
Miscellaneous . . . . .	13,366
Interest and fiscal charges . . . . .	<u>(2,664)</u>
Total nonoperating revenues (expenses) . . . . .	<u>648,147</u>
Change in net position . . . . .	58,651
<b>Net position (deficit) at beginning of year . . . . .</b>	<u>(1,741,591)</u>
<b>Net position (deficit) at end of year . . . . .</b>	<u><u>\$ (1,682,940)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>Cash flows from operating activities:</b>	
Cash received from state foundation . . . . .	\$ 1,461,079
Cash payments for salaries and wages. . . . .	(854,877)
Cash payments for fringe benefits . . . . .	(176,387)
Cash payments for purchased services . . . . .	(655,046)
Cash payments for materials and supplies . . . . .	(135,996)
Cash payments for other expenses . . . . .	(18,421)
Net cash (used in) operating activities . . . . .	<u>(379,648)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies. . . . .	476,423
Cash received from miscellaneous receipts . . . . .	9,890
Cash used in repayment of unemployment settlement . . . . .	(13,672)
Principal retirement on note obligation. . . . .	(39,127)
Interest and fiscal charges . . . . .	(2,664)
Net cash provided by noncapital financing activities . . . . .	<u>430,850</u>
Net increase in cash and cash equivalents . . . . .	51,202
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>21,469</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 72,671</u></b>
<b>Reconciliation of operating loss to net cash (used in) operating activities:</b>	
Operating loss . . . . .	\$ (589,496)
Adjustments:	
Depreciation . . . . .	14,337
Changes in assets and liabilities:	
Decrease in intergovernmental receivable . . . . .	13,648
Decrease in prepayments . . . . .	12,935
(Increase) in deferred outflows - pension . . . . .	(226,103)
Increase in accounts payable. . . . .	24,223
Increase in accrued wages and benefits . . . . .	57,402
Increase in intergovernmental payable . . . . .	990
Increase in net pension liability . . . . .	259,568
Increase in deferred inflows - pension . . . . .	44,352
Increase in pension and postemployment benefits payable . . . . .	8,496
Net cash (used in) operating activities . . . . .	<u>\$ (379,648)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

The Renaissance Academy, Inc., (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's mission is to provide an orderly and supportive environment whereby students experience preparations for college, career and life. The School operates on a foundation, which fosters character building for all students, parents and staff members. 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 acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with Educational Resource Consultants of Ohio, Inc. ("ERCO") (the "Sponsor") for the period July 1, 2016 through June 30, 2017. 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. Sponsorship fees are calculated as a three percent of state funds received by the School from the State of Ohio. During fiscal year 2017, the School paid \$42,717 in sponsorship fees to ERCO.

The School operates under the direction of a Governing Board. The Governing Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Governing Board controls the School's one instructional/support facility staffed by 8 non-certified staff members and 14 certified staff members who provide services to 165 students.

**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 (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School's significant accounting policies are described below.

**A. Basis of Presentation**

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

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

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

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 8 for the deferred outflows of resources related the School's net pension liability.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Note 8 for the deferred inflows of resources related the School's net pension liability.

**D. Budgetary Process**

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided for in the School's sponsorship agreement. The contract between the School and its Sponsor requires a detailed budget for each year of the contract.

**E. Cash and Cash Equivalents**

All monies received by the School are deposited into demand deposit accounts.

**F. Estimates**

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

**G. Capital Assets**

Capital assets are capitalized at cost. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in additions to or deductions from Net Position. Deprecation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets with consideration given to the salvage value. The useful lives follow:

<u>Asset</u>	<u>Useful Life</u>
Textbooks	3 years
Furniture, Fixtures & Equipment	3 - 5 years

The School has an asset capitalization threshold policy of \$1,000. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompany statement of net position. Computers and software acquired by the School are reported as a component of furniture, fixtures and equipment on the schedule of capital assets reported in Note 6.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**H. Intergovernmental Revenues**

The School currently participates in the State Foundation Program, IDEA Part B grant, the Title I grant, and the Title IIA grant. Revenue from the State Foundation Program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2017 school year excluding federal and State grants totaled \$1,446,622.

Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. State and federal grants revenue for the fiscal year 2017 received was \$637,445.

**I. Compensated Absences**

Vacation is taken in a manner in which corresponds with the school calendar; therefore the School does not accrue vacation time as a liability.

Sick/personal leave benefits are earned by full-time employees at the rate of eight days per year and cannot be carried into the subsequent years. No accrual for sick time is made since unused time is not paid to employees upon employment termination.

**J. Accrued Liabilities**

Current obligations incurred but unpaid at June 30th are reported as accrued liabilities in the accompanying financial statements which consisted of accounts payable, accrued wages and benefits, intergovernmental payable, and pension and postemployment benefits payable, totaled \$171,683 at June 30, 2017.

Long-term obligations of the School are reported in Note 13.

**K. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The School had no capital related debt at June 30, 2017. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**L. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the School. For the School, these revenues are primarily the State Foundation program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenue and expenses not meeting this definition are reported as non-operating.

**M. Pensions**

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**NOTE 3 - CHANGES IN ACCOUNTING POLICIES**

For fiscal year 2017, the District has implemented GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans", GASB Statement No. 80, "Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14" and GASB Statement No. 82, "Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the School.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 3 - CHANGES IN ACCOUNTING POLICIES - (Continued)**

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the School.

**NOTE 4 - CASH AND CASH EQUIVALENTS**

At June 30, 2017, the carrying amount of all Schools deposits was \$70,670. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2017, the entire bank balance of \$73,825 was covered by the Federal Deposit Insurance Corporation (FDIC).

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2017, none of the bank balance was exposed to custodial credit risk.

**NOTE 5 - INTERGOVERNMENTAL RECEIVABLE**

The School had intergovernmental receivables totaling \$253,237 at June 30, 2017. These receivables are expected to be collected in the subsequent year. Intergovernmental receivables consisted of the following:

School Foundation	\$ 1,795
SERS overpayment	12,039
Federal lunch money	15,692
Bureau of Worker's Compensation refund	809
IDEA Part B	12,944
Title I - school improvement	65,919
Title I - disadvantaged children	119,271
Title IIA	24,768
	<u>\$ 253,237</u>

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 6 - CAPITAL ASSETS AND DEPRECIATION**

For the period ending June 30, 2017, the School's capital assets consisted of the following:

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/17</u>
<i>Capital assets, being depreciated</i>				
Furniture, fixtures and equipment	\$ 263,495	\$ -	\$ -	\$ 263,495
Textbooks	<u>19,691</u>	<u>-</u>	<u>-</u>	<u>19,691</u>
<i>Total capital assets, being depreciated</i>	<u>283,186</u>	<u>-</u>	<u>-</u>	<u>283,186</u>
<i>Less: Accumulated Depreciation</i>				
Furniture, fixtures and equipment	(210,772)	(14,337)	-	(225,109)
Textbooks	<u>(19,691)</u>	<u>-</u>	<u>-</u>	<u>(19,691)</u>
<i>Total accumulated depreciation</i>	<u>(230,463)</u>	<u>(14,337)</u>	<u>-</u>	<u>(244,800)</u>
<i>Net Capital Assets</i>	<u>\$ 52,723</u>	<u>\$ (14,337)</u>	<u>\$ -</u>	<u>\$ 38,386</u>

**NOTE 7 - RISK MANAGEMENT**

**A. Property & 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. During the fiscal year ending June 30, 2017, the School obtained private insurance coverage for property and general liability in the following coverage amounts:

Damages to Rented Premises	\$ 100,000
<u>General Liability</u>	
Each Occurrence	1,000,000
Aggregate	2,000,000
Medical Expenses (per person)	5,000
Personal Injury	1,000,000

Settlement amounts have not exceeded coverage amounts in each of the past three years. There has been no reduction in coverage from the prior fiscal year.

**B. Workers' Compensation**

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

**C. Employee Medical and Dental Benefits**

The School provides medical, vision, and dental insurance benefits through Anthem to all fulltime employees. During the School year, the School paid 60% of the monthly premiums for all employees.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

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

The net pension liability represents the School's proportionate share of each pension 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 liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

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

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



**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was \$27,887 for fiscal year 2017. Of this amount, \$3,453 is reported as pension and postemployment benefits payable.

***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 retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 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, member contributions are allocated among investment choices by the member, and employer contributions 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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, 2017, 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 2017 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was \$99,819 for fiscal year 2017. Of this amount, \$11,876 is reported as pension and postemployment benefits payable.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.00907840%	0.00538203%	
Proportion of the net pension liability current measurement date	<u>0.00565890%</u>	<u>0.00552937%</u>	
Change in proportionate share	<u>(0.00341950)%</u>	<u>0.00014734%</u>	
Proportionate share of the net pension liability	\$ 414,179	\$ 1,850,847	\$ 2,265,026
Pension expense	\$ 49,209	\$ 156,314	\$ 205,523

At June 30, 2017, 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>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 5,585	\$ 74,784	\$ 80,369
Net difference between projected and actual earnings on pension plan investments	34,164	153,667	187,831
Changes of assumptions	27,649	-	27,649
Difference between School contributions and proportionate share of contributions/ change in proportionate share	86,614	56,340	142,954
School contributions subsequent to the measurement date	<u>27,887</u>	<u>99,819</u>	<u>127,706</u>
Total deferred outflows of resources	<u>\$ 181,899</u>	<u>\$ 384,610</u>	<u>\$ 566,509</u>
<b>Deferred inflows of resources</b>			
Difference between School contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 146,386</u>	<u>\$ -</u>	<u>\$ 146,386</u>

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$127,706 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$ 3,711	\$ 52,350	\$ 56,061
2019	3,686	52,350	56,036
2020	(9,590)	111,311	101,721
2021	9,819	68,780	78,599
Total	\$ 7,626	\$ 284,791	\$ 292,417

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

**RENAISSANCE ACADEMY  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, 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 disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	<u>10.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 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.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -* Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	\$ 548,348	\$ 414,179	\$ 301,875

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

**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 7.75 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	\$ 2,459,625	\$ 1,850,847	\$ 1,337,307

**Changes Between Measurement Date and Report Date** - In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School's NPL is expected to be significant.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**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 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 9 - POSTEMPLOYMENT BENEFITS – (Continued)**

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of 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 basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. 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 2017, the School's surcharge obligation was \$2,410.

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2017, 2016, and 2015 were \$2,410, \$1,950, and \$3,432, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

**B. State Teachers Retirement System**

Plan Description – The School participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 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](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. None of the School's contributions were allocated to fund health care for the fiscal years ended June 30, 2017, 2016 and 2015.

**NOTE 10 - CONTINGENCIES**

**A. Grants**

The School received financial assistance from State agencies in the form of grants. The expense of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2017.



**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 10 – CONTINGENCIES - (Continued)**

**B. Litigation**

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

**C. 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 performed such a review on the School for fiscal year 2017.

As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School.

In addition, the School's contract with their Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2017 are not finalized. Until such adjustments are finalized by ODE, the impact on the fiscal year 2017 financial statements, related to additional reconciliation necessary with these contracts, is not determinable. Management believes this may result in either an additional receivable to, or liability of, the School.

**NOTE 11 - PURCHASED SERVICES**

For fiscal year 2017, the School made the following purchased services commitments:

Professional and technical services	\$ 150,794
Property services	159,404
Travel mileage/meeting expense	2,980
Communications	149,712
Utilities	25,085
Contracted craft or trade	120,278
Pupil transportation	29,574
Other	<u>45,317</u>
Total purchased services	<u>\$ 683,144</u>

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - OPERATING LEASES**

In July 2014, the School entered into a lease agreement with the Catholic Diocese for the lease of property at 1555 Elaine Road, Columbus, Ohio 43227. The term of the lease agreement is for the three year period July 1, 2014 through June 30, 2017. During fiscal year 2017, the School was required to pay \$93,636 in lease payments.

**NOTE 13 - LONG-TERM OBLIGATIONS**

The School's long-term obligations during the year consist of the following:

	Balance			Balance	Amounts
	<u>June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2017</u>	<u>Due in</u>
					<u>One Year</u>
Net pension liability:					
STRS	\$ 1,487,436	\$ 363,411	\$ -	\$ 1,850,847	\$ -
SERS	<u>518,022</u>	<u>-</u>	<u>(103,843)</u>	<u>414,179</u>	<u>-</u>
Total net pension liability	<u>2,005,458</u>	<u>363,411</u>	<u>(103,843)</u>	<u>2,265,026</u>	<u>-</u>
Note payable	\$ 66,318	-	(39,127)	27,191	27,191
Unemployment settlement	<u>44,434</u>	<u>-</u>	<u>(13,672)</u>	<u>30,762</u>	<u>13,672</u>
 Total long-term obligations	 <u>\$ 2,116,210</u>	 <u>\$ 363,411</u>	 <u>\$ (156,642)</u>	 <u>\$ 2,322,979</u>	 <u>\$ 40,863</u>

See Note 8 for information on the School's net pension liability.

On April 29, 2015, the School entered into a Settlement Agreement and Mutual Release with Eastland Center, LLC for past rental payments owed by the School on the former leased property at 4300 Kimberly Parkway, Columbus, Ohio. The School signed a note payable in the amount of \$115,542 with an interest rate of 5 percent and a maturity date of April 30, 2018. The future payments required under the note payable follows:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2018	<u>\$ 27,191</u>	<u>\$ 512</u>	<u>\$ 27,703</u>

On October 27, 2015, the School entered into a Settlement Agreement with the Ohio Attorney General for repayment of unemployment compensation liabilities. The settlement, in the amount of \$69,500, requires payments of \$1,159 per month for 60 months. During fiscal year 2017, the School paid \$13,672 in principal on this liability. The future payments required under the Settlement Agreement follows:

Fiscal Year Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2018	\$ 13,672	\$ 236	\$ 13,908
2019	13,672	236	13,908
2020	<u>3,418</u>	<u>59</u>	<u>3,477</u>
Total	<u>\$ 30,762</u>	<u>\$ 531</u>	<u>\$ 31,293</u>

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REQUIRED SUPPLEMENTARY INFORMATION

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's proportion of the net pension liability	0.00565890%	0.00907840%	0.00576000%	0.00576000%
School's proportionate share of the net pension liability	\$ 414,179	\$ 518,022	\$ 291,510	\$ 342,529
School's covered payroll	\$ 163,157	\$ 273,308	\$ 167,388	\$ 152,746
School's proportionate share of the net pension liability as a percentage of its covered payroll	253.85%	189.54%	174.15%	224.25%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School's proportion of the net pension liability	0.00552937%	0.00538203%	0.00523564%	0.00523564%
School's proportionate share of the net pension liability	\$ 1,850,847	\$ 1,487,436	\$ 1,273,489	\$ 1,516,972
School's covered payroll	\$ 562,107	\$ 561,529	\$ 534,938	\$ 442,846
School's proportionate share of the net pension liability as a percentage of its covered payroll	329.27%	264.89%	238.06%	342.55%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 27,887	\$ 22,842	\$ 36,022	\$ 23,200
Contributions in relation to the contractually required contribution	<u>(27,887)</u>	<u>(22,842)</u>	<u>(36,022)</u>	<u>(23,200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 199,193	\$ 163,157	\$ 273,308	\$ 167,388
Contributions as a percentage of covered payroll	14.00%	14.00%	13.18%	13.86%

Note: The School began operations in fiscal year 2010.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 21,140	\$ 27,420	\$ 32,061	\$ 32,049
<u>(21,140)</u>	<u>(27,420)</u>	<u>(32,061)</u>	<u>(32,049)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 152,746	\$ 203,866	\$ 255,060	\$ 236,699
13.84%	13.45%	12.57%	13.54%



**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 99,819	\$ 78,695	\$ 78,614	\$ 69,542
Contributions in relation to the contractually required contribution	<u>(99,819)</u>	<u>(78,695)</u>	<u>(78,614)</u>	<u>(69,542)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ 712,993	\$ 562,107	\$ 561,529	\$ 534,938
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

Note: The School began operations in fiscal year 2010.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 57,570	\$ 81,744	\$ 134,435	\$ 94,995
<u>(57,570)</u>	<u>(81,744)</u>	<u>(134,435)</u>	<u>(94,995)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 442,846	\$ 628,800	\$ 1,034,115	\$ 730,731
13.00%	13.00%	13.00%	13.00%

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014- 2017.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014- 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014- 2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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**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 Members of the Board  
Renaissance Academy  
Columbus, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Renaissance Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 12, 2017.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

### ***Purpose of This Report***

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



James G. Zupka, CPA, Inc.  
Certified Public Accountants

December 12, 2017

**RENAISSANCE ACADEMY  
FRANKLIN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMENDATIONS  
JUNE 30, 2017**

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The prior audit report, as of June 30, 2016, included no citations or instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



# Dave Yost • Auditor of State

RENAISSANCE ACADEMY

FRANKLIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 22, 2018