

**GREAT RIVER CONNECTIONS
ACADEMY
FRANKLIN COUNTY, OHIO**

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Great River Connections Academy
3650 Olentangy River Road, STE 430
Columbus, Ohio 43214

We have reviewed the *Independent Auditor's Report* of the Great River Connections Academy, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. 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 Great River Connections Academy is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 23, 2021

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**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY, OHIO**

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December 28, 2020

To the Board of Trustees
Great River Connections Academy
3650 Olentangy River Rd., Ste 430
Columbus, OH 43214

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Great River Connections Academy, Franklin County, Ohio, (the "Academy") as of and for the year ended June 30, 2020, 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 entity'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 entity'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 Great River Connections Academy, Franklin County, Ohio, as of June 30, 2020, 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.

Emphasis of Matter

As described in Note 15, the financial impact of COVID-19 and the ensuing emergency measures will continue to impact subsequent periods of the Academy. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of the Academy's Proportionate Share of the Net Pension Liability*, *Schedule of the Academy's Contributions-Pension*, *Schedule of the Academy's Proportionate Share of the Net OPEB Asset/Liability* and the *Schedule of the Academy's Contributions - OPEB* 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 28, 2020 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Hea & Associates, Inc.

Dublin, Ohio

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**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2020
(Unaudited)**

The discussion and analysis of the financial performance of the Great River Connections Academy, Franklin County, Ohio (the Academy), provides an overview of the Academy's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

- For fiscal years 2020 and 2019, total assets and deferred outflows of resources were \$2,547,989 and \$549,531.
- For fiscal years 2020 and 2019, total liabilities and deferred inflows of resources were \$2,734,072 and \$387,048.
- For fiscal year 2020, total net deficit was \$(186,083) and for fiscal year 2019, total net position was \$162,483.
- For fiscal year 2020, operating revenue increased \$2,208,476 as FTE increased to 843.

USING THIS ANNUAL REPORT

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2020
(Unaudited)**

REPORTING THE ACADEMY AS A WHOLE

The view of the Academy as a whole looks at all financial transactions and asks, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position answer this question. These statements include *all assets* and *deferred outflows of resources* and *liabilities* and *deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

FINANCIAL ANALYSIS

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

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2020
(Unaudited)**

Table 1 provides a summary of the Academy's Net Position for fiscal years 2020 and 2019:

**Table 1
Statement of Net Position**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets	\$ 360,258	\$ 387,851
Non-Current Assets	155,986	9,274
Total Assets	<u>516,244</u>	<u>397,125</u>
Deferred Outflows of Resources	<u>2,031,745</u>	<u>152,406</u>
Liabilities		
Current Liabilities	360,465	387,048
Long Term Liabilities	<u>2,082,674</u>	<u>-</u>
Total Liabilities	<u>2,443,139</u>	<u>387,048</u>
Deferred Inflows of Resources	<u>290,933</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	11,048	9,274
Unrestricted	<u>(197,131)</u>	<u>153,209</u>
Total Net Position	<u>\$ (186,083)</u>	<u>\$ 162,483</u>

Current assets represent cash and cash equivalents, intergovernmental receivable, other receivables and federal grants receivables. Current liabilities represent contracts payable and accrued expenses.

Changes in deferred outflows of resources, deferred inflows of resources and long term liabilities are a result of accounting for pensions and postemployment benefits due to the Academy being open during a measurement period.

Over time, net position can serve as a useful indicator of a governments financial position. At June 30, 2020, the Academy's net position totaled (\$186,083).

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2020
(Unaudited)**

OTHER INFORMATION

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2020 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The Academy also implemented in a prior year GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and Net OPEB Asset.

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

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

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

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2020
(Unaudited)**

a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2020
(Unaudited)**

Table 2 shows the changes in Net Position for fiscal years 2020 and 2019:

**Table 2
Changes in Net Position**

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Foundation Payments		
Regular	\$ 5,022,387	\$ 3,259,936
Special Education	880,542	434,517
Total Operating Revenues	<u>5,902,929</u>	<u>3,694,453</u>
Operating Expenses		
Purchased Services	6,197,508	3,653,131
Pension Expense	637,393	22,014
Depreciation	1,827	1,117
Total Operating Expenses	<u>6,836,728</u>	<u>3,676,262</u>
Operating Income (Loss)	(933,799)	18,191
Non-Operating Revenues		
Federal Grants	513,718	131,565
Other Intergovernmental Revenue	71,515	12,727
Total Non-Operating Revenues	<u>585,233</u>	<u>144,292</u>
Change in Net Position	(348,566)	162,483
Net Position, Beginning of Year	<u>162,483</u>	<u>-</u>
Net Position, End of Year	<u>\$ (186,083)</u>	<u>\$ 162,483</u>

Net Position decreased by \$348,566 in 2020. For fiscal year 2020, operating revenues increased by \$2,208,476. The increase in operating revenues in fiscal year 2020 was driven by an increase in student FTE. The FTE increased by 306 over fiscal year 2019. The increase in operating expense is a result of the increase in FTE as well as accounting for pensions and post employment benefits. The Academy operates as a one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds are not included in the discussion and analysis. Results of fiscal year 2020 operations indicate ending net position of \$(186,083).

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year ended June 30, 2020
(Unaudited)**

BUDGET

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705 (with the exception section 5705.391 – Five Year Forecasts), unless specifically provided in the community school's contract with its Sponsor.

The contract between the School and its Sponsor does prescribe a budgetary process. The School must prepare and submit a detail budget for every fiscal year to the Board of Directors and its Sponsor. The five-year forecast is also submitted to the Ohio Department of Education, annually.

CAPITAL ASSETS

At fiscal year end, the School's net capital asset balance was \$11,048. There were current year additions of \$3,601 offset by current year depreciation of \$1,827. For more information on capital assets, see Note 4 of the Basic Financial Statements.

CONTACTING THE ACADEMY'S MANAGMENT

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information contact C. David Massa, CPA, Massa Financial Solutions, LLC, 219 East Maple Street, Suite 202, North Canton, Ohio 44720 or e-mail at dave@massasolutionsllc.com.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

Assets:

Current Assets:

Cash and Cash Equivalents	\$ 71,875
Federal Grants Receivable	26,141
Intergovernmental Receivable	262,169
Other Receivable	73
Total Current Assets	<u>360,258</u>

Non-Current Assets

Net OPEB Asset	144,938
Capital Assets (Net of Accumulated Depreciation)	11,048
Total Non-Current Assets	<u>155,986</u>

Total Assets	<u>516,244</u>
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Deferred Outflows of Resources

Pension	1,921,318
OPEB	110,427
Total Deferred Outflows of Resources	<u>2,031,745</u>

Liabilities:

Current Liabilities:

Contracts Payable	152,700
Accrued Expense	207,765
Total Current Liabilities	<u>360,465</u>

Long Term Liabilities:

Pension Liability	2,041,992
OPEB Liability	40,682
Total Long Term Liabilities	<u>2,082,674</u>

Total Liabilities	<u>2,443,139</u>
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Deferred Inflows of Resources

Pension	104,330
OPEB	186,603
Total Deferred Inflows of Resources	<u>290,933</u>

Net Position:

Investment in Capital Assets	11,048
Unrestricted	(197,131)
Total Net Position	<u>\$ (186,083)</u>

See the Accompanying Notes to the Basic Financial Statements

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Operating Revenues:

Foundation Payments - Regular	\$	5,022,387
Foundation Payments - Special Education		880,542
		5,902,929

Total Operating Revenues

Operating Expenses:

Purchased Services		6,197,508
Retirement Expense		637,393
Depreciation		1,827
		6,836,728

Total Operating Expenses

Operating Loss (933,799)

Non-Operating Revenues:

Federal Grants		513,718
Other Intergovernmental Revenue		71,515
		585,233

Total Non-Operating Revenues

Change in Net Position (348,566)

Net Position, Beginning of Year 162,483

Net Position, End of Year \$ (186,083)

See the Accompanying Notes to the Basic Financial Statements

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Cash Flows from Operating Activities:

Cash Received for School Foundation Payments	\$ 5,839,354
Cash Payments to Suppliers for Goods and Services	<u>(6,512,227)</u>
<i>Net Cash (Used) for Operating Activities</i>	(672,873)

Cash Flows from Noncapital Financing Activities:

Cash From Federal Grants	619,142
Cash From Other Intergovernmental Sources	<u>71,515</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>690,657</u>

Cash Flows from Capital and Related Financing:

Cash Payments for Assets Purchased	<u>(3,601)</u>
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Net Cash (Used) for Capital and Related Financing (3,601)

Net Increase in Cash and Cash Equivalents 14,183

Cash and Cash Equivalents at Beginning of Year 57,692

Cash and Cash Equivalents at End of Year \$ 71,875

**Reconciliation of Operating Loss to Net Cash
Used for Operating Activities:**

Operating Loss	\$ (933,799)
Depreciation	1,827

**Adjustments to Reconcile Operating Loss to Net
Cash Used for Operating Activities:**

Changes in Assets, Liabilities, Deferred Outflows and Inflows of Resources:	
(Increase) in Intergovernmental Receivables	(63,648)
Increase in Contracts Payable	11,025
(Increase) in Net OPEB Asset	(144,938)
(Increase) in Pension / OPEB Liability	2,082,674
(Increase) in Deferred Outflows of Resources	(1,879,339)
(Decrease) in Accrued Expense	(37,504)
Decrease in Other Liability	(104)
Increase in Deferred Inflows of Resources	290,933
Total Adjustments	<u>259,099</u>

Net Cash (Used) For Operating Activities \$ (672,873)

See the Accompanying Notes to the Basic Financial Statements

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 1 – DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

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

The Academy was approved for operation under a contract with the Ohio Council of Community Schools, the Sponsor, for the period July 1, 2018 through June 30, 2023. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy operates under the direction of a six-member Board of Directors (the Board). The Board of Directors may not be fewer than five nor more than seven members. Additionally, the Academy entered into a five-year contract with Connections Education, LLC for curriculum, school management services, instruction, technology and other services on July 1, 2018, with an expiration date of June 30, 2023. (See Note 9).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation

Enterprise Accounting

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

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

B. Measurement Focus and Basis of Accounting

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

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgetary Process

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

D. Cash and Cash Equivalents

Cash held by the Academy is reflected as “Cash and Cash Equivalents” on the statement of net position. Unless otherwise noted, all monies received by the Academy are pooled and deposited in a central bank account as demand deposits. Investments with an initial maturity of more than 3 months are reported as investments. During the fiscal year ended June 30, 2020, the Academy did not hold any investments.

E. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and the State Special Education Program. Foundation and Special Education payments are recognized as operating revenues in the accompanying financial statements. Federal grants awarded and received in fiscal year 2020 totaled \$513,718. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the Academy’s policy to use restricted resources first, then unrestricted resources as they are needed.

F. Capital Assets

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

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

Furniture, Fixtures and Equipment	5 years
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**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Net Position

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

H. Operating Revenues and Expenses

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

I. Estimates

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

J. Accrued Liabilities and Long-Term Liabilities

Obligations incurred but unpaid at June 30 are reported as accrued expenses in the accompanying financial statements. These liabilities consisted of contracts payable, other current liabilities and accrued expenses, totaling \$360,465 at June 30, 2020.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Exchange and Non-Exchange Transactions

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

L. Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Notes 13 and 14).

M. Pensions and Other Postemployment Benefits (OPEB)

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 3 – DEPOSITS

Deposits with Financial Institutions

The Academy’s financial institution deposits for the year ended June 30, 2020 are as follows:

	<u>2020</u>
Carrying Amount of Deposits	\$ 71,875

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, \$0 was exposed to custodial credit risk as discussed below for the fiscal year ended June 30, 2020, while \$80,630 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Academy’s deposits may not be returned. The Academy has no deposit policy for custodial credit risk beyond the requirements of state statute. According to state law, public depositories must give security for all public funds on deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy. State law does not require security for public deposits and investments to be maintained in the School’s name. During 2020, the Academy and public depositories complied with the provisions of these statutes

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020
Capital assets being depreciated:				
Furniture, fixtures, and equipment	<u>\$10,391</u>	<u>\$ 3,601</u>	<u>\$ -</u>	<u>\$ 13,992</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	<u>(1,117)</u>	<u>(1,827)</u>	<u>-</u>	<u>(2,944)</u>
Capital assets, net of accumulated depreciation	<u><u>\$ 9,274</u></u>	<u><u>\$ 1,774</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,048</u></u>

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 5 - OPERATING LEASES

The Academy rents an office facility through a lease agreement executed between their landlords and Connection Education. The term of this lease is due to expire June 30, 2023, with an option to renew for an additional 5 years. Total rent paid for the year ending June 30, 2020 was \$95,032. Future minimum lease payments for the operating leases are as follows:

Years Ending June 30,	Total
2021	\$ 51,069
2022	52,601
2023	<u>54,179</u>
Total	<u><u>\$ 157,849</u></u>

NOTE 6 - RECEIVABLES

Receivables consisted of federal grants and intergovernmental receivables as of June 30, 2020.

Title I Improving Basic Program	\$ 13,070
Title VI-B Special Education	13,071
Other Receivable	73
Intergovernmental Receivable	<u>262,169</u>
Total	<u><u>\$ 288,383</u></u>

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 7 – RISK MANAGEMENT

Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. For fiscal year 2020, the Academy contracted with Connections Education to provide insurance in the following amounts through being included as an additional insured on their policy with Hanover Insurance Company for the following coverage:

Commercial general liability:

\$1,000,000 general liability each occurrence

\$2,000,000 general liability aggregate

\$1,000,000 automobile liability

\$5,000,000 umbrella liability each occurrence

\$5,000,000 umbrella liability aggregate

There were no settlements in excess of insurance coverage during the last two years, nor was there significant reduction in coverage during the year.

NOTE 8 – SPONSOR AGREEMENT

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

- A. Maintain the financial records of the Academy in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;
- B. Comply with the policies and procedures regarding internal financial control of the Academy;
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

The Academy shall pay to the Sponsor 3.0 percent of all state funds received. The total sponsorship fees paid totaled \$176,515 for the fiscal year ended June 30, 2020.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 9 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES

The Academy entered into a five-year contract on July 1, 2018 with Connections Education, LLC (CE). In the agreement, which expires on June 30, 2023, CE agrees to provide curriculum, instruction, technology and other school management services. Under the contract, the following terms were agreed upon:

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

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

For the services listed above, the Academy is required to reimburse certain actual expenses, pay a fee based on enrollment statistics. The total expense on an accrual basis under this contract for fiscal year 2020 totaled \$5,982,185. Of this amount, \$152,700 represents a contract payable at June 30, 2020. Additionally, the Academy was issued service credits from CE totaling \$3,061,000 at June 30, 2020.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

**NOTE 9 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES
(CONTINUED)**

For the year ended June 30, 2020, CE incurred the following expenses on behalf of the Academy:

	Regular Instruction	Special Instruction	Other Instruction	Support Services	Noninstructional	Total Expense
Direct expenses:						
100 Salaries & wages	\$ 1,392,071	\$ 324,265	\$ -	\$ 383,373	\$ -	\$ 2,099,708
200 Employees' benefits	285,883	52,213	-	(0)	-	338,096
410 Professional & technical services	22,996	129,020	-	121,334	3,804	277,153
420 Property services	-	14,203	-	77,764	-	91,967
430 Travel	22,318	6,851	-	15,192	-	44,361
440 Communications	-	10,940	-	59,901	-	70,841
460 Contracted craft or trade services	-	5,233	-	28,650	-	33,882
490 Other purchased services	-	3,574	1,595	19,566	-	24,734
510 Other supplies	-	1,108	-	6,067	-	7,175
DIR Other direct costs	650,323	1,777	-	-	-	652,100
Indirect expenses:						
OH Overhead	977,672	267,527	-	269,248	1,224,013	2,738,461
Total expenses	\$ 3,351,261	\$ 816,711	\$ 1,595	\$ 981,095	\$ 1,227,817	\$ 6,378,479

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 10 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. School Foundation

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 did not perform such a review on the Academy for fiscal year 2020.

As of the date of this report, all ODE adjustments for fiscal year 2020 have been completed.

In addition, the Academy's contracts with their Sponsor and Management Company require payment based on revenues received from the State. As discussed above, all ODE adjustments through fiscal year 2020 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 11 – TAX EXEMPT STATUS

The Academy is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s nonprofit status. The Academy was approved on May 25, 2018 for tax exempt status under 501(c)3 of the Internal Revenue Code. The approval had a retroactive date of November 15, 2017.

NOTE 12 – MANAGEMENT COMPANY

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

NOTE 13 - DEFINED BENEFIT PENSIONS 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 Academy’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.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

Net Pension Liability (continued)

Ohio Revised Code limits the Academy's obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions are financed; however, the Academy 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 *accrued expense*.

School Employees Retirement System (SERS)

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

School Employees Retirement System (SERS) (continued)

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 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.

The cost-of living adjustment (COLA) is based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

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, 2020, the allocation to pension, death benefits, and Medicare B was the entire 14 percent. SERS did not allocate any employee contribution to the Health Care Fund for the fiscal year 2020.

The Academy’s contractually required contribution to SERS was \$13,745 for fiscal year 2020.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

State Teachers Retirement System (STRS)

Plan Description – Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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.

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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 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 goes to the DC Plan 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.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

State Teachers Retirement System (STRS)

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, 2020, plan members were required to contribute 14 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$269,297 for fiscal year 2020.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.00000000%	0.00000000%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.00178420%</u>	<u>0.00875104%</u>	
Change in Proportionate Share	<u><u>0.00178420%</u></u>	<u><u>0.00875104%</u></u>	
Proportionate Share of the Net Pension Liability	\$ 106,752	\$ 1,935,240	\$ 2,041,992
Pension Expense	\$ 55,589	\$ 604,557	\$ 660,146

At June 30, 2020, the Academy reported deferred outflows of resources related to pensions from the following sources:

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 2,707	\$ 15,758	\$ 18,465
Changes of assumptions	-	227,330	227,330
Changes in proportion and differences between contributions and proportionate share of contributions	58,089	1,334,392	1,392,481
Academy contributions subsequent to the measurement date	<u>13,745</u>	<u>269,297</u>	<u>283,042</u>
Total Deferred Outflows of Resources	<u>\$ 74,541</u>	<u>\$ 1,846,777</u>	<u>\$ 1,921,318</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 8,376	\$ 8,376
Net difference between projected and actual earnings on pension plan investments	<u>1,370</u>	<u>94,584</u>	<u>95,954</u>
Total Deferred Inflows of Resources	<u>\$ 1,370</u>	<u>\$ 102,960</u>	<u>\$ 104,330</u>

\$283,042 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. 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:			
2021	\$ 42,003	\$ 452,919	\$ 494,922
2022	16,738	356,421	373,159
2023	(93)	320,109	320,016
2024	<u>778</u>	<u>345,071</u>	<u>345,849</u>
Total	<u>\$ 59,426</u>	<u>\$ 1,474,520</u>	<u>\$ 1,533,946</u>

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, 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	2.50 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following retirement
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

The mortality rates were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The most recent experience study was completed June 30, 2015.

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 an arithmetic weighted averaged 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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	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	10.00	3.00
	100.00 %	

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 investment was applied to all periods of projected benefits to determine the total net pension liability.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of the Academy’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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%)
Academy's proportionate share of the net pension liability	\$ 149,597	\$ 106,752	\$ 70,820

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation.

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Actuarial assumptions used in the July 1, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study, for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* Target weights will be phased in over a 24-month period concluding on July 1, 2020.

** 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.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. 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.

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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Academy's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	\$ 2,828,138	\$ 1,935,240	\$ 1,179,356

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Net OPEB Liability/Asset

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

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

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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 2020, there was no contribution made to health care. A 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 2020, this amount was \$19,600. 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.

The surcharge is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was \$0 for fiscal year 2020.

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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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, 2020, STRS did not allocate any employer contributions to post-employment health care.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

The net OPEB liability and net OPEB asset were measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability and net OPEB asset were based on the Academy's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.0000000%	0.0000000%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	<u>0.0016177%</u>	<u>0.0087510%</u>	
Change in Proportionate Share	<u>0.0016177%</u>	<u>0.0087510%</u>	
Proportionate Share of the Net OPEB			
Liability/(asset)	\$ 40,682	\$ (144,938)	\$ (104,256)
OPEB Expense	\$ 8,379	\$ (36,153)	\$ (27,774)

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

At June 30, 2020, the Academy 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	\$ 598	\$ 13,140	\$ 13,738
Changes of assumptions	2,972	3,046	6,018
Net difference between projected and actual earnings on OPEB plan investments	98	-	98
Changes in proportion and differences between contributions and proportionate share of contributions	<u>40,157</u>	<u>50,416</u>	<u>90,573</u>
Total Deferred Outflows of Resources	<u>\$ 43,825</u>	<u>\$ 66,602</u>	<u>\$ 110,427</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 8,937	\$ 7,375	\$ 16,312
Changes of assumptions	2,279	158,909	161,188
Net difference between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>9,103</u>	<u>9,103</u>
Total Deferred Inflows of Resources	<u>\$ 11,216</u>	<u>\$ 175,387</u>	<u>\$ 186,603</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and net OPEB asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ 4,991	\$ (26,378)	\$ (21,387)
2022	6,127	(26,380)	(20,253)
2023	6,152	(22,729)	(16,577)
2024	6,150	(21,448)	(15,298)
2025	6,192	(20,665)	(14,473)
Thereafter	2,997	8,815	11,812
Total	\$ 32,609	\$ (108,785)	\$ (76,176)

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.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. 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 log-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, 7.50 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.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	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	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 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 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Sensitivity of the Academy's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). 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 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Academy's proportionate share of the net OPEB liability	\$ 32,594	\$ 40,682	\$ 51,412

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
Academy's proportionate share of the net OPEB liability	\$ 49,380	\$ 40,682	\$ 33,766

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent 4.00 percent
Medicare	4.93 percent 4.00 percent
Prescription Drug	
Pre-Medicare	7.73 percent
Medicare	9.62 percent 4.00 percent

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Benefit Term Changes Since the Prior Measurement Date 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 services. 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 Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

* 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 generate a return above the actual rate of return, without net value added by management.

** Target weights will be phased in over a 24-month period concluding July 1, 2019.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. 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 7.45 percent was used to measure the total of OPEB liability as of June 30, 2019.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2020**

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Sensitivity of the Academy’s Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 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.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB asset	\$ 120,525	\$ 144,938	\$ 157,510
	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 156,556	\$ 144,938	\$ 124,436

NOTE 15 – SUBSEQUENT EVENT

The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the School’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
CURRENT FISCAL YEAR (1)**

	2020
Academy's Proportion of the Net Pension Liability	0.0017842%
Academy's Proportionate Share of the Net Pension Liability	\$ 106,752
Academy's Covered Payroll	\$ 61,207
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%

(1) Information prior to 2020 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
CURRENT FISCAL YEAR (1)**

	2020
Academy's Proportion of the Net Pension Liability	0.00875104%
Academy's Proportionate Share of the Net Pension Liability	\$ 1,935,240
Academy's Covered Payroll	\$ 1,027,407
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%

(1) Information prior to 2020 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)**

	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 13,745	\$ 8,263
Contributions in Relation to the Contractually Required Contribution	<u>(13,745)</u>	<u>(8,263)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 98,179	\$ 61,207
Contributions as a Percentage of Covered Payroll	14.00%	13.50%

(1) Information prior to 2019 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)**

	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 269,297	\$ 143,837
Contributions in Relation to the Contractually Required Contribution	<u>(269,297)</u>	<u>(143,837)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 1,923,550	\$ 1,027,407
Contributions as a Percentage of Covered Payroll	14.00%	14.00%

(1) Information prior to 2019 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF NET OPEB
LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
CURRENT FISCAL YEAR (1)**

	<u>2020</u>
Academy's Proportion of the Net OPEB Liability	0.0016177%
Academy's Proportionate Share of the Net OPEB Liability	\$ 40,682
Academy's Covered Payroll	\$ 61,207
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	66.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%

(1) Information prior to 2020 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF NET OPEB
ASSET
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
CURRENT FISCAL YEAR (1)**

	<u>2020</u>
Academy's Proportion of the Net OPEB Liability/Asset	0.00875104%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (144,938)
Academy's Covered Payroll	\$ 1,027,407
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.74%

(1) Information prior to 2020 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)**

	2020	2019
Contractually Required Contribution (2)	\$ -	\$ 306
Contributions in Relation to the Contractually Required Contribution	-	(306)
Contribution Deficiency (Excess)	-	-
Academy Covered Payroll	\$ 98,179	\$ 61,207
OPEB Contributions as a Percentage of Covered Payroll (2)	0.00%	0.50%

(1) Information prior to 2019 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ACADEMY CONTRIBUTIONS-OPEB
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)**

	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 1,923,550	\$ 1,027,407
Contributions as a Percentage of Covered Payroll	0.00%	0.00%

(1) Information prior to 2019 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NET PENSION LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes of benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2020.

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: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2020. 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%.

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 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017 and 2019-2020. 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

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NET OPEB LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes of benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2018-2020.

Changes in Assumptions: Amounts reported for fiscal years 2018-2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

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 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 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 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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in Assumptions: 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.

**GREAT RIVER CONNECTIONS ACADEMY
FRANKLIN COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

For fiscal year 2020, the health care cost trend rates were modified.

Changes in Benefit Terms: 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.

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December 28, 2020

To the Board of Trustees
Great River Connections Academy
3650 Olentangy River Rd., Ste 430
Columbus, Ohio 43214

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*

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 Great River Connections Academy, Franklin County, Ohio (the "Academy") as of and for the year ended June 30, 2020, 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 28, 2020, in which we noted the financial impact of COVID-19 and ensuing emergency measures will continue to impact subsequent periods of the Academy.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kea & Associates, Inc.

Dublin, Ohio

OHIO AUDITOR OF STATE KEITH FABER



GREAT RIVER CONNECTIONS ACADEMY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/9/2021

88 East Broad 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