

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

***REGULAR AUDIT***

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**



**Rea & associates**

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



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Great River Connections Academy  
3650 Olentangy River Rd.  
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, 2020 through June 30, 2021. 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 02, 2022

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

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **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, 2021, 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, 2021, 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.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and Pension and other Post-Employment Benefit Schedules* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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, 2021 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
December 28, 2021



**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year ended June 30, 2021  
(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, 2021. 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 2021 and 2020, total assets and deferred outflows of resources were \$4,200,789 and \$2,547,989.
- For fiscal years 2021 and 2020, total liabilities and deferred inflows of resources were \$5,189,265 and \$2,734,072.
- For fiscal year 2021, total net deficit was \$(988,476) and for fiscal year 2020, total net position was \$(186,083).
- For fiscal year 2021, operating revenue increased \$3,198,981 as FTE increased by 445 to 1,287 in 2021.

**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, 2021  
(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 2021?" 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, 2021  
(Unaudited)**

Table 1 provides a summary of the Academy's Net Position for fiscal years 2021 and 2020:

**Table 1  
Statement of Net Position**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current Assets	\$ 720,354	\$ 360,258
Non-Current Assets	<u>288,800</u>	<u>155,986</u>
Total Assets	<u>1,009,154</u>	<u>516,244</u>
Deferred Outflows of Resources	<u>3,191,635</u>	<u>2,031,745</u>
<b>Liabilities</b>		
Current Liabilities	715,621	360,465
Long Term Liabilities	<u>4,097,437</u>	<u>2,082,674</u>
Total Liabilities	<u>4,813,058</u>	<u>2,443,139</u>
Deferred Inflows of Resources	<u>376,207</u>	<u>290,933</u>
<b>Net Position</b>		
Investment in Capital Assets	8,678	11,048
Unrestricted	<u>(997,154)</u>	<u>(197,131)</u>
<b>Total Net Position</b>	<u>\$ (988,476)</u>	<u>\$ (186,083)</u>

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

Current assets increased due primarily to the increase in cash and cash equivalents. Current liabilities increased due to the increase in 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 changes in Pension and OPEB accruals.

Over time, net position can serve as a useful indicator of a governments financial position. At June 30, 2021, the Academy's net position totaled (\$988,476)

**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year ended June 30, 2021  
(Unaudited)**

**OTHER INFORMATION**

The net pension liability (NPL) is the largest single liability reported by the Academy at June 30, 2021 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

**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year ended June 30, 2021  
(Unaudited)**

retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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

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

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**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year ended June 30, 2021  
(Unaudited)**

Table 2 shows the changes in Net Position for fiscal years 2021 and 2020:

**Table 2  
Changes in Net Position**

	<u>2021</u>	<u>2020</u>
<b>Operating Revenues</b>		
<b>Foundation Payments</b>		
Regular	\$ 7,723,852	\$ 5,022,387
Special Education	1,378,058	880,542
<b>Total Operating Revenues</b>	<u>9,101,910</u>	<u>5,902,929</u>
<b>Operating Expenses</b>		
Purchased Services	9,494,012	6,197,508
Pension Expense	1,204,749	637,393
Depreciation	2,370	1,827
<b>Total Operating Expenses</b>	<u>10,701,131</u>	<u>6,836,728</u>
Operating Income (Loss)	(1,599,221)	(933,799)
<b>Non-Operating Revenues</b>		
Federal Grants	703,264	513,718
Other Intergovernmental Revenue	93,564	71,515
<b>Total Non-Operating Revenues</b>	<u>796,828</u>	<u>585,233</u>
<b>Change in Net Position</b>	(802,393)	(348,566)
<b>Net Position, Beginning of Year</b>	<u>(186,083)</u>	<u>162,483</u>
<b>Net Position, End of Year</b>	<u>\$ (988,476)</u>	<u>\$ (186,083)</u>

Net Position decreased by \$802,393 in 2021. For fiscal year 2021, operating revenues increased by \$3,198,981. The increase in operating revenues in fiscal year 2021 was driven by an increase in student FTE. The FTE increased by 445 over fiscal year 2020. 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.

**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year ended June 30, 2021  
(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 \$8,678. For more information on capital assets, see Note 4 of the Basic Financial Statements.

**CONTACTING THE ACADEMY'S MANAGEMENT**

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

**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021**

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$ 637,927
Intergovernmental Receivable	80,196
Other Receivable	2,231
Total Current Assets	<u>720,354</u>

**Non-Current Assets**

Net OPEB Asset	280,122
Capital Assets (Net of Accumulated Depreciation)	8,678
Total Non-Current Assets	<u>288,800</u>

<b>Total Assets</b>	<u>1,009,154</u>
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**Deferred Outflows of Resources**

Pension	3,040,836
OPEB	150,799
Total Deferred Outflows of Resources	<u>3,191,635</u>

**Liabilities:**

**Current Liabilities:**

Contracts Payable	420,179
Accrued Expense	295,442
Total Current Liabilities	<u>715,621</u>

**Long Term Liabilities:**

Pension Liability	4,041,833
OPEB Liability	55,604
Total Long Term Liabilities	<u>4,097,437</u>

<b>Total Liabilities</b>	<u>4,813,058</u>
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**Deferred Inflows of Resources**

Pension	24,660
OPEB	351,547
Total Deferred Inflows of Resources	<u>376,207</u>

**Net Position:**

Investment in Capital Assets	8,678
Unrestricted	(997,154)
Total Net Position	<u>\$ (988,476)</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, 2021**

**Operating Revenues:**

Foundation Payments - Regular	\$ 7,723,852
Foundation Payments - Special Education	1,378,058

Total Operating Revenues	9,101,910
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**Operating Expenses:**

Purchased Services	9,494,012
Retirement Expense	1,204,749
Depreciation	2,370

Total Operating Expenses	10,701,131
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<i>Operating Loss</i>	(1,599,221)
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**Non-Operating Revenues:**

Federal Grants	703,264
Other Intergovernmental Revenue	93,564
Total Non-Operating Revenues	796,828

<i>Change in Net Position</i>	(802,393)
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<i>Net Position, Beginning of Year</i>	(186,083)
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<i>Net Position, End of Year</i>	\$ (988,476)
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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, 2021**

**Cash Flows from Operating Activities:**

Cash Received for School Foundation Payments	\$ 9,283,883
Cash Payments to Suppliers for Goods and Services	(9,540,799)
	(256,916)
<i>Net Cash (Used) for Operating Activities</i>	(256,916)

**Cash Flows from Noncapital Financing Activities:**

Cash From Federal Grants	729,404
Cash From Other Intergovernmental Sources	93,564
	822,968
<i>Net Cash Provided by Noncapital Financing Activities</i>	822,968

*Net Increase in Cash and Cash Equivalents* 566,052

Cash and Cash Equivalents at Beginning of Year 71,875

Cash and Cash Equivalents at End of Year \$ 637,927

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

Operating Loss	\$ (1,599,221)
Depreciation	2,370

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

<b>Changes in Assets, Liabilities, Deferred Outflows and Inflows of Resources:</b>	
(Decrease) in Intergovernmental Receivables	181,972
Increase in Other Receivable	(2,157)
Increase in Contracts Payable	267,480
Increase in Accrued Expense	87,677
(Increase) in Net OPEB Asset	(135,184)
(Increase) in Deferred Outflows of Resources	(1,159,890)
Increase in Pension / OPEB Liability	2,014,763
Increase in Deferred Inflows of Resources	85,274
Total Adjustments	1,339,935

*Net Cash (Used) For Operating Activities* \$ (256,916)

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, 2021**

**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, 2021**

**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, 2021**

**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, 2021, 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 2021 totaled \$703,264. 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. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of \$1,000 dollars. The Academy does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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For the Fiscal Year Ended June 30, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Capital Assets (Continued)**

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.

**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 and accrued expenses totaling \$715,621 at June 30, 2021.

**GREAT RIVER CONNECTIONS ACADEMY  
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**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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

terms. The pension/OPEB plans report investments at fair value.

**N. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2021, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61*, and certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Academy.

GASB Statement No. 90 improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Academy.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the Academy.



**GREAT RIVER CONNECTIONS ACADEMY  
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**NOTE 3 – DEPOSITS**

**Deposits with Financial Institutions**

The Academy's bank and book balance of deposits for the year ended June 30, 2021 were \$637,927. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, \$387,927 was exposed to custodial credit risk as discussed below for the fiscal year ended June 30, 2021, while \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

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 2021, 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, 2021, was as follows:

	<b>Balance 6/30/2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6/30/2021</b>
<b>Capital assets being depreciated:</b>				
Furniture, fixtures, and equipment	<u>\$ 13,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,992</u>
<b>Less accumulated depreciation:</b>				
Furniture, fixtures, and equipment	<u>(2,944)</u>	<u>(2,370)</u>	<u>-</u>	<u>(5,314)</u>
<b>Capital assets, net of accumulated depreciation</b>	<u><u>\$ 11,048</u></u>	<u><u>\$ (2,370)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,678</u></u>

**GREAT RIVER CONNECTIONS ACADEMY  
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**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, 2025, with an option to renew for an additional 5 years. Total rent paid for the year ending June 30, 2021 was \$99,002. Future minimum lease payments for the operating leases are as follows:

<b>Years Ending June 30,</b>	<b>Total</b>
2022	\$ 52,601
2023	54,179
2024	55,805
2025	57,479
<b>Total</b>	<b>\$ 220,064</b>

**NOTE 6 - RECEIVABLES**

Receivables consisted of other receivables and intergovernmental receivables as of June 30, 2021. These receivables are expected to be received within one fiscal year.

Other Receivable	\$ 2,231
Intergovernmental Receivable	80,196
<b>Total</b>	<b>\$ 82,427</b>

**GREAT RIVER CONNECTIONS ACADEMY  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**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 2021, 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 three 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 \$272,296 for the fiscal year ended June 30, 2021.

**GREAT RIVER CONNECTIONS ACADEMY  
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**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 2021 totaled \$9,182,543. Of this amount, \$420,179 represents a contract payable at June 30, 2021. Additionally, the Academy was issued service credits from CE totaling \$2,470,000 at June 30, 2021.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES (CONTINUED)**

For the year ended June 30, 2021, CE incurred the following expenses on behalf of the Academy:

	Regular Instruction	Special Instruction	Support Services	Non Instructional	Total Expense
<b>Direct expenses:</b>					
100 Salaries & wages	\$ 2,011,569	\$ 410,319	\$ 473,397	\$ -	\$ 2,895,285
200 Employees' benefits	350,898	68,206	62,169	-	481,273
410 Professional & technical services	16,627	322,675	2,379	1,695	343,376
420 Property services	-	15,450	93,568	-	109,018
430 Travel	-	12,438	75,324	-	87,762
440 Communications	-	5,498	33,298	-	38,796
490 Other purchased services	-	3,450	20,895	-	24,345
520 Books, periodicals & films	1,122	185	-	-	1,307
560 Food & related supplies	-	614	3,720	-	4,334
510 Other supplies	-	14,192	85,947	1,459	101,598
DIR Other direct costs	952,713	120	725	46,635	1,000,193
<b>Indirect expenses:</b>					
OH Overhead	1,330,081	326,357	313,017	1,500,742	3,470,197
<b>Total expenses</b>	<b>\$ 4,663,010</b>	<b>\$ 1,179,504</b>	<b>\$ 1,164,439</b>	<b>\$ 1,550,531</b>	<b>\$ 8,557,484</b>

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

**GREAT RIVER CONNECTIONS ACADEMY  
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**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 perform such a review on the Academy for fiscal year 2021.

As of the date of this report, all ODE adjustments for fiscal year 2021 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 2021 have been completed. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

**GREAT RIVER CONNECTIONS ACADEMY  
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**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 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  
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**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](http://www.ohsers.org) under Employers/Audit Resources.



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**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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2019, 2020, and 2021 Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

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, 2021, 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 2021.

The Academy’s contractually required contribution to SERS was \$19,950 for fiscal year 2021.

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**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](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation 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, 2026 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  
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**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, 2021, 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 2021 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$371,476 for fiscal year 2021.

**GREAT RIVER CONNECTIONS ACADEMY  
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**NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows 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	0.0017842%	0.00875104%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.0028005%</u>	<u>0.01593871%</u>	
Change in Proportionate Share	<u>0.0010163%</u>	<u>0.00718767%</u>	
Proportionate Share of the Net Pension			
Liability	\$ 185,232	\$ 3,856,601	\$ 4,041,833
Pension Expense	\$ 83,580	\$ 1,108,499	\$ 1,192,079

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight-line method over a five-year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight-line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2021, the Academy reported deferred outflows of resources related to pensions from the following sources:

**GREAT RIVER CONNECTIONS ACADEMY  
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**NOTE 13 - DEFINED BENEFIT PENSIONS PLANS (CONTINUED)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 359	\$ 8,652	\$ 9,011
Changes of assumptions	-	207,025	207,025
Net difference between projected and actual earnings on pension plan investments	11,760	187,550	199,310
Changes in proportion and differences between contributions and proportionate share of contributions	55,952	2,178,112	2,234,064
Academy contributions subsequent to the measurement date	<u>19,950</u>	<u>371,476</u>	<u>391,426</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 88,021</u>	<u>\$ 2,952,815</u>	<u>\$ 3,040,836</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	<u>\$ -</u>	<u>\$ 24,660</u>	<u>\$ 24,660</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ -</u>	<u>\$ 24,660</u>	<u>\$ 24,660</u>

\$391,426 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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**NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 42,267	\$ 754,667	\$ 796,934
2023	17,221	688,522	705,743
2024	8,583	733,988	742,571
2025	-	379,502	379,502
Total	\$ 68,071	\$ 2,556,679	\$ 2,624,750

***Actuarial Assumptions - SERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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.

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**NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, 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.

The most recent experience study was completed for the five year period ended 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:

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**NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investment was applied to all periods of projected benefits to determine the total net pension liability.

***Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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	\$ 253,744	\$ 185,232	\$ 127,747



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**NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS' investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

At its September meeting 2020, the Board unanimously voted to approve a 0.5% cost-of-living adjustment (COLA) increase for eligible retirees and beneficiaries in 2021. Previously, COLAs were suspended from 2018 through 2020.

***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.

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.

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**NOTE 13 – DEFINED BENEFIT PENSION 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:

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	<u>100.00 %</u>	

\* 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.

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**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	\$ 5,491,128	\$ 3,856,601	\$ 2,471,475

**NOTE 14 – DEFINED BENEFIT OPEB PLANS**

***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.

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**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](http://www.ohsers.org) under Employers/Audit Resources.

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, 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 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

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 2021.

***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](http://www.strsoh.org) or by calling (888) 227-7877.

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)**

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

***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/asset Prior Measurement Date	0.0016177%	0.00875100%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	<u>0.0025585%</u>	<u>0.01593871%</u>	
Change in Proportionate Share	<u>0.0009408%</u>	<u>0.00718771%</u>	
Proportionate Share of the Net OPEB Liability/(asset)	\$ 55,604	\$ (280,122)	\$ (224,518)
OPEB Expense	\$ 10,856	\$ (6,546)	\$ 4,310

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)**

At June 30, 2021, 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>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 731	\$ 17,949	\$ 18,680
Changes of assumptions	9,478	4,624	14,102
Net difference between projected and actual earnings on OPEB plan investments	626	9,817	10,443
Changes in proportion and differences between contributions and proportionate share of contributions	<u>55,520</u>	<u>52,054</u>	<u>107,574</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 66,355</u>	<u>\$ 84,444</u>	<u>\$ 150,799</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ 28,280	\$ 55,796	\$ 84,076
Changes of assumptions	<u>1,400</u>	<u>266,071</u>	<u>267,471</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$ 29,680</u>	<u>\$ 321,867</u>	<u>\$ 351,547</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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)**

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 7,658	\$ (62,223)	\$ (54,565)
2023	7,707	(55,578)	(47,871)
2024	7,697	(53,248)	(45,551)
2025	7,763	(51,810)	(44,047)
2026	4,795	(2,703)	2,092
Thereafter	1,055	(11,861)	(10,806)
Total	\$ 36,675	\$ (237,423)	\$ (200,748)

***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.



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**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, 2020, 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 investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 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.

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**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	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	<u>5.00</u>	6.65
Total	<u><u>100.00 %</u></u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 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 2.45 percent, as of June 30, 2020 (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.

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**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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). 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 (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Academy's proportionate share of the net OPEB liability	\$ 68,059	\$ 55,604	\$ 45,704

  

	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	\$ 43,784	\$ 55,604	\$ 71,411

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS’ investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS’ future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)**

***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	Ultimate
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	(6.69) percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	
Medicare	11.87 percent	4.00 percent

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, 2020, 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, 2021**

**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:

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	<u>100.00 %</u>	

\* 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 OPEB liability was 7.45 percent as of June 30, 2020. 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, 2020.

**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021**

**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, 2020, 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	\$ 243,725	\$ 280,122	\$ 311,005
	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB asset	\$ 309,088	\$ 280,122	\$ 244,839

***Benefit Term Changes Since the Prior Measurement Date*** There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**NOTE 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidation Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**GREAT RIVER CONNECTIONS ACADEMY  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2021**

**NOTE 16 – SUBSEQUENT EVENTS**

For fiscal year 2022, community school foundation funding received from the state of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. For fiscal year 2021, the Academy reported \$9,101,910 in revenue related to these programs. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**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  
LAST TWO FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>
Academy's Proportion of the Net Pension Liability	0.0028005%	0.0017842%
Academy's Proportionate Share of the Net Pension Liability	\$ 185,232	\$ 106,752
Academy's Covered Payroll	\$ 98,179	\$ 61,207
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	174.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	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  
LAST TWO FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>
Academy's Proportion of the Net Pension Liability	0.01593871%	0.00875104%
Academy's Proportionate Share of the Net Pension Liability	\$ 3,856,601	\$ 1,935,240
Academy's Covered Payroll	\$ 1,923,550	\$ 1,027,407
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.49%	188.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	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'S CONTRIBUTIONS - PENSION  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST THREE FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 19,950	\$ 13,745	\$ 8,263
Contributions in Relation to the Contractually Required Contribution	<u>(19,950)</u>	<u>(13,745)</u>	<u>(8,263)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 142,500	\$ 98,179	\$ 61,207
Contributions as a Percentage of Covered Payroll	14.00%	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'S CONTRIBUTIONS - PENSION  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST THREE FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 371,476	\$ 269,297	\$ 143,837
Contributions in Relation to the Contractually Required Contribution	<u>(371,476)</u>	<u>(269,297)</u>	<u>(143,837)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 2,653,400	\$ 1,923,550	\$ 1,027,407
Contributions as a Percentage of Covered Payroll	14.00%	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  
LAST TWO FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>
Academy's Proportion of the Net OPEB Liability	0.0025585%	0.0016177%
Academy's Proportionate Share of the Net OPEB Liability	\$ 55,604	\$ 40,682
Academy's Covered Payroll	\$ 98,179	\$ 61,207
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.64%	66.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	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  
LAST TWO FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>
Academy's Proportion of the Net OPEB Liability/Asset	0.01593871%	0.00875100%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (280,122)	\$ (144,938)
Academy's Covered Payroll	\$ 1,923,550	\$ 1,027,407
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.56%	-14.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	182.13%	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.

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 CONTRIBUTIONS - OPEB  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST THREE FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution (1)	\$ -	\$ -	\$ 309
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>(309)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>
Academy Covered Payroll	\$ 142,500	\$ 98,179	\$ 61,207
OPEB Contributions as a Percentage of Covered Payroll (1)	0.00%	0.00%	0.50%

(1) Includes Surcharge

(2) 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 CONTRIBUTIONS - OPEB  
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST THREE FISCAL YEARS (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy Covered Payroll	\$ 2,653,400	\$ 1,923,550	\$ 1,027,407
Contributions as a Percentage of Covered Payroll	0.00%	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**

**NOTE 1 - 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 2019-2021.

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 2018-2021. 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 2014-2021.

**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 2019-2021. 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**

**NOTE 2 - 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 2018-2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Medicare Trend Assumption

Medicare

Fiscal year 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 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 and 2021, 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.

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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, 2021, 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, 2021.

**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.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
December 28, 2021

# 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 2/15/2022**

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](http://www.ohioauditor.gov)