RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 and 2020

OHIO AUDITOR OF STATE
KEITH FABER

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

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

We have reviewed the *Independent Auditor's Report* of the Richland School of Academic Arts, Richland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2019 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 Richland School of Academic Arts is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 26, 2022

This page intentionally left blank.

Richland School of Academic Arts
Richland County, Ohio
Table of Contents
June 30, 2021 and 2020

Richland School of Academic Arts
Richland County, Ohio
Table of Contents (Continued)
June 30, 2021 and 2020

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Richland School of Academic Arts, Richland County, Ohio, (the "School") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the School'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 School'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 School'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Richland School of Academic Arts, Richland County, Ohio, as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years 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 29, 2021 on our consideration of the School'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 School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Wooster, Ohio
December 29, 2021

As management of the Richland School of Academic Arts (the School), formerly Richland Academy School of Excellence, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Total net position of the School decreased $95,209 in fiscal year 2021. Ending net position of the School was $1.7 million, compared to $1.8 million at June 30, 2020.

- Total assets increased $498,453 from the prior year and total liabilities increased by $591,704 from the prior year.

- The School's operating loss for fiscal year 2021 was $1.2 million.

Using this Annual Financial Report

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

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

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

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

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

Financial Analysis

Table 1 provides a summary of the School's net position at June 30, 2021 compared to the prior fiscal year.

Table 1
Net Position at Year End

	2021	2020
Assets:		
Current and Other Assets	$ 1,265,815	$ 985,291
Net OPEB Asset	168,773	150,072
Nondepreciable Capital Assets	-	1,126,491
Depreciable Capital Assets, Net	4,494,338	3,168,619
Total Assets	5,928,926	5,430,473
Deferred Outflows of Resources	962,358	1,006,129
Liabilities:		
Current Liabilities	503,691	654,193
Non-Current Liabilities		
Other Non-Current Liabilities	1,344,521	1,049,440
Net Pension Liability	2,855,588	2,412,429
Net OPEB Liability	161,819	157,853
Total Liabilities	4,865,619	4,273,915
Deferred Inflows of Resources	295,158	336,971
Net Position:		
Net Investment in Capital Assets	2,972,077	3,144,208
Restricted	174,917	104,416
Unrestricted	(1,416,487)	(1,422,908)
Total Net Position	$ 1,730,507	$ 1,825,716

Current and Other Assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of an increase in cash and cash equivalents due to the School receiving federal grants related to the COVID-19 pandemic. Depreciable Capital Assets increased significantly in comparison with the prior fiscal year-end. This increase is the result of the School completing its building renovations during the fiscal year.

Other Non-Current Liabilities increased significantly in comparison with the prior fiscal year-end. This increase is the result of the School receiving additional loan proceeds for building renovations during the fiscal year.

The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources related to pensions/OPEB all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms and changes in actuarial assumptions.

Financial Analysis

Table 2 shows the change in net position for the fiscal year ended June 30, 2021 compared to the prior fiscal year.

Table 2
Changes in Net Position

	2021	2020
Operating Revenues:		
Foundation Payments	$ 2,158,226	$ 2,285,532
Other Unrestricted Grants-In-Aid	89,302	100,210
Charges for Services	1,388	9,384
Total Operating Revenues	2,248,916	2,395,126
Operating Expenses:		
Salaries and Wages	1,447,358	1,457,840
Fringe Benefits	902,769	806,149
Purchased Services	614,069	605,055
Materials and Supplies	195,867	117,681
Depreciation	211,849	168,659
Other	27,223	52,137
Total Operating Expenses	3,399,135	3,207,521
Operating Loss	(1,150,219)	(812,395)
Nonoperating Revenues and Expenses:		
Federal Grant Revenue	626,813	457,611
State Grant Revenue	158,363	198,312
Interest on Investments	4	6
Other Revenue	43,422	64,755
Loss on Disposal of Capital Assets	-	(11,700)
Gain on Forgiveness of Debt	293,165	-
Interest and Fiscal Charges	(66,757)	(2,516)
Total Nonoperating Revenues and Expenses	1,055,010	706,468
Change in Net Position	(95,209)	(105,927)
Net Position, Beginning of Year	1,825,716	1,931,643
Net Position, End of the Year	$ 1,730,507	$ 1,825,716

Operating Revenues decreased in fiscal year 2021 compared with the prior fiscal year primarily due to a decrease in enrollment from 341 students in fiscal year 2020 to 319 students in fiscal year 2021.

Total Expenses increased in comparison with the prior fiscal year. This increase is primarily the result of an increase in pension/OPEB expense from $584,867 in fiscal year 2020 to $634,853 in fiscal year 2021. This increase is primarily the result of changes in benefit terms and changes in actuarial assumptions.

Federal Grant Revenue increased in comparison with the prior fiscal year-end. This increase is primarily the result of the School receiving funds for the ESSER and Coronavirus Relief programs.

Capital Assets

At the end of fiscal year 2021, the School had $4.5 million in net capital assets, an increase of $199,228 in comparison with the prior fiscal year. This increase represents the amount by which current year acquisitions, totaling $411,077 exceeded depreciation, totaling $211,849. See Note 5 of the basic financial statements for additional details.

Debt

At fiscal year-end, the School had outstanding debt totaling $1.4 million, compared with $1.0 million reported one year ago. This increase represents the amount in which current year loan issuances of $784,684 exceeded current year principal payments, totaling $60,194 and loans forgiven, totaling $293,165. See Note 6 of the basic financial statements for additional details.

Current Financial Issues

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

Contacting the School

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

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Assets:	
Current Assets	
Cash and Cash Equivalents	$ 1,208,970
Intergovernmental Receivables	38,638
Prepaid Items	18,207
Total Current Assets	1,265,815
Noncurrent Assets	
Net OPEB Asset	168,773
Capital Assets, Net of Accumulated Depreciation	4,494,338
Total Noncurrent Assets	4,663,111
Total Assets	5,928,926
Deferred Outflows of Resources:	
Pension	829,586
OPEB	132,772
Total Deferred Outflows of Resources	962,358
Liabilities:	
Current Liabilities	
Accounts Payable	149,175
Accrued Wages and Benefits Payable	187,378
Intergovernmental Payable	30,894
Capital Leases Payable	16,244
Loans Payable	120,000
Total Current Liabilities	503,691
Long-Term Liabilities:	
Capital Leases Payable	32,488
Loans Payable	1,312,033
Net Pension Liability	2,855,588
Net OPEB Liability	161,819
Total Long-Term Liabilities	4,361,928
Total Liabilities	4,865,619
Deferred Inflows of Resources:	
Pension	14,858
OPEB	280,300
Total Deferred Inflows of Resources	295,158
Net Position:	
Net Investment in Capital Assets	2,972,077
Restricted	174,917
Unrestricted	(1,416,487)
Total Net Position	$ 1,730,507

See accompanying notes to the basic financial statements.

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenues:	
Foundation Payments	$ 2,158,226
Other Unrestricted Grants-In-Aid	89,302
Charges for Services	1,388
Total Operating Revenues	2,248,916
Operating Expenses:	
Salaries and Wages	1,447,358
Fringe Benefits	902,769
Purchased Services	614,069
Materials and Supplies	195,867
Depreciation	211,849
Other	27,223
Total Operating Expenses	3,399,135
Operating Loss	(1,150,219)
Non-Operating Revenues (Expenses):	
State Grant Revenue	158,363
Federal Grant Revenue	626,813
Interest on Investments	4
Other Revenue	43,422
Gain on Forgiveness of Debt	293,165
Interest and Fiscal Charges	(66,757)
Total Non-Operating Revenues (Expenses)	1,055,010
Change in Net Position	(95,209)
Net Position, Beginning of Year	1,825,716
Net Position, End of Year	$ 1,730,507

See accompanying notes to the basic financial statements.

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Received from State of Ohio	$ 2,233,150
Received for Other Operating Activities	1,831
Payments to Employees for Services and Benefits	(1,911,072)
Payments to Suppliers for Goods and Services	(762,601)
Net Cash Used for Operating Activities	(438,692)
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants	847,697
Other Non-operating Revenue	43,422
Net Cash Provided by Noncapital Financing Activities	891,119
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(741,220)
Proceeds from Loan	784,684
Payments for Mortgage Principal	(60,194)
Payments for Capital Lease Principal	(16,244)
Payments for Mortgage Interest	(66,757)
Net Cash Used for Capital and Related Financing Activities	(99,731)
Cash Flows from Investing Activities:	
Interest on Cash and Cash Equivalents	4
Net Cash Provided by Investing Activities	4
Net Increase in Cash and Cash Equivalents	352,700
Cash and Cash Equivalents at Beginning of Year	856,270
Cash and Cash Equivalents at End of Year	$ 1,208,970

See accompanying notes to the basic financial statements.

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	$ (1,150,219)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	211,849
Gain on Forgiveness of Debt	293,165
Changes in Assets and Liabilities:	
Intergovernmental Receivable	(19,290)
Accounts Receivable	46,652
Prepaid Items	(17,707)
Accounts Payable	63,148
Accrued Wages	19,384
Intergovernmental Payable	(22,891)
Net Pension Liability	411,870
Net OPEB Asset/Liability	18,512
Loan Payable	(293,165)
Net Cash Used for Operating Activities	$ (438,692)

Schedule of Noncash Transactions:
Capital asset acquisitions totaling $371,639 are included in accounts payable at June 30, 2020.

Capital asset acquisitions totaling $41,496 are included in accounts payable at June 30, 2021.

During the fiscal year, the School's PPP loan of $293,165 was forgiven.

See accompanying notes to the basic financial statements.

1. Description of the School and Reporting Entity:

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

The School had one fiscal service provider during the 2021 fiscal year, Mangen & Associates School Resource Center. Douglas Mangen served as the Certified Treasurer during the entire 2021 fiscal period. The Buckeye Community Hope Foundation was the School's sponsor in fiscal year 2021. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. During fiscal year 2021, the School paid Buckeye Community Hope Foundation $68,974 in sponsor fees.

The School operates under the direction of the Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 9 non-certified and 29 certificated full time teaching personnel who provide services to 319 students.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 13.

2. Summary of Significant Accounting Policies:

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

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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

C. Budgetary Process

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

D. Cash and Cash Equivalents

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

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of $500. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for construction in progress, are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

F. Estimates

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

G. Intergovernmental Revenues

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

H. Operating and Non-Operating Revenues and Expenses

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

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

I. Prepaid Items

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 9 and Note 10.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension and OPEB are explained in Note 9 and Note 10.

K. Accrued Liabilities Payable

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

Wages and benefits payable - salary and related payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2021 contract.

Accounts payable - payments due for services or goods that were rendered or received during fiscal year 2021.

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

L. Pensions and Other Postemployment Benefits (OPEB)

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

M. Net Position

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

N. Economic Dependency

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

3. Deposits:

At June 30, 2021, the carrying amount of the School's deposits was $1,208,970 and the bank balance was $1,286,295. Of the School's bank balance, $456,957 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was uninsured.

4. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. A summary of the principal items of receivables at June 30, 2021 is as follows:

Source	**Amount**
FTE Adjustment	$ 14,454
Retirement System Overpayments	4,912
State	500
Federal	18,772
	$ 38,638

5. Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

Capital Assets:	**Beginning Balance**	**Additions**	**Transfers**	**Ending Balance**
Construction In Progress	$ 1,126,491	$ 318,423	$ (1,444,914)	$ -
Total Nondepreciable Capital Assets	1,126,491	318,423	(1,444,914)	-
Buildings and Building Improvement	3,566,477	36,725	1,422,485	5,025,687
Furniture and Equipment	328,293	55,929	22,429	406,651
Total Depreciable Capital Assets	3,894,770	92,654	1,444,914	5,432,338
Less Accumulated Depreciation:				
Buildings and Building Improvement	(516,953)	(171,843)	-	(688,796)
Furniture and Equipment	(209,198)	(40,006)	-	(249,204)
Total Accumulated Depreciation	(726,151)	(211,849)	-	(938,000)
Net Capital Assets	$ 4,295,110	$ 199,228	$ -	$ 4,494,338

6. Long-term Obligations:

The changes in the School's long-term obligations during fiscal year 2021 were as follows:

Debt:	Beginning Balance	Additions	Deletions	Ending Balance	Due In One Year
Direct Borrowing Loan Payable	$ 707,543	$ 784,684	$ (60,194)	$ 1,432,033	$ 120,000
PPP Loan Payable	293,165	-	(293,165)	-	-
Total Direct Borrowings	1,000,708	784,684	(353,359)	1,432,033	120,000
Net Pension Liability:					
Net Pension Liability-SERS	408,723	123,344	-	532,067	-
Net Pension Liability-STRS	2,003,706	319,815	-	2,323,521	-
Total Net Pension Liability	2,412,429	443,159	-	2,855,588	-
Net OPEB Liability:					
Net OPEB Liability-SERS	157,853	3,966	-	161,819	-
Total Net OPEB Liability	157,853	3,966	-	161,819	-
Total Long-Term Obligations	$ 3,570,990	$ 1,231,809	$ (353,359)	$ 4,449,440	$ 120,000

In fiscal year 2020, the School received a forgivable loan pursuant to the Paycheck Protection Program established by the CARES Act. In fiscal year 2021, the loan was forgiven due to the School meeting all the requirements for forgiveness.

During fiscal year 2020, the School entered into a loan with Mechanic Bank to finance building renovations. The loan carries an interest rate of 4.5 percent. As collateral for this loan, a security document was executed evidencing a lien on the property located at 1456 Park Avenue West. As of June 30, 2021, the School had drawn down $1,492,227. Since the loan was not complete at June 30, 2021, the loan was excluded from the future debt schedule.

Upon the occurrence of any one of the following events, the lender may declare all indebtedness under this note immediately due and payable: (a) School's failure to make any payment on time or in the amount due; (b) any default by the School under the terms of the note or any other related documents executed in connection with the note; (c) any default of the School under the terms of any related documents in favor of the lender; (d) the death, dissolution, or termination of existence of the School or any guarantor; (e) School is not paying the School's debts as such debts become due; (f) the commencement of any proceeding under bankruptcy or insolvency laws by or against the School or any guarantor or the appointment of a receiver; (g) any default under the terms of any other indebtedness of the School to any other creditor; (h) any writ of attachment, garnishment, execution, tax lien or similar instrument is issued against any collateral securing the loan, if any, or any of the School's property or any judgment is entered against the School or any guarantor; (i) any part of the School's business is sold to or merged with any other business, individual, or entity; (j) any representation or warranty made by the School to the lender in any of the related documents or any financial statement delivered to the lender proves to have been false in any material respect as of the time when made or given; (k) if any guarantor, or any other party to any related documents in favor of the lender entered into or delivered in connection with this note terminates, attempts to terminate or defaults under any such related documents; (l) the lender has deemed itself insecure or there has been a material adverse change of condition of the financial prospects of the School or any collateral securing the obligations owing to the lender by the School.

7. Capital Lease:

The School entered into a lease agreement with Xerox Financial Services LLC for the lease of five copiers. The term of the lease is 60 months and requires payments of $1,715 per month. Lease payments during the fiscal year totaled $16,244.

The following is a schedule of the future principal payments required under the capital lease as of June 30, 2021:

Fiscal Year Ending June 30:	
2022	$ 16,244
2023	16,244
2024	16,244
Total	$ 48,732

8. Risk Management:

A. Property and Liability - The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2021, the School contracted with Markel Insurance Company for its insurance coverage as follows:

Building and Business Personal Property	$10,197,000
General Liability (aggregate)	$3,000,000
General Liability (per occurrence)	$1,000,000
Employers Liability (per occurrence)	$1,000,000

There was no significant reduction in coverage during the past three years. Settlement amounts did not exceed coverage amounts during the fiscal year.

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

C. Employee insurance Benefits - The School utilizes Anthem Blue Cross/Blue Shield to provide health insurance benefits to School employees.

9. Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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 (assets) 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/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of zero percent.

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 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The School's contractually required contribution to SERS was $40,041 for fiscal year 2021. Of this amount, $4,686 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through 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 actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $162,592 for fiscal year 2021. Of this amount, $19,531 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 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 School's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00804430%	0.00960274%	
Prior Measurement Date	0.00683120%	0.00906064%	
Change in Proportionate Share	0.00121310%	0.00054210%	
Proportionate Share of the Net Pension Liability	$ 532,067	$ 2,323,521	$ 2,855,588
Pension Expense	$ 144,537	$ 469,966	$ 614,503

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 School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 1,033	$ 5,214	$ 6,247
Net Difference between Projected and Actual Earnings on Pension Plan Investments	33,774	112,990	146,764
Changes of Assumptions	-	124,729	124,729
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	51,857	297,356	349,213
School Contributions Subsequent to the Measurement Date	40,041	162,592	202,633
Total Deferred Outflows of Resources	$ 126,705	$ 702,881	$ 829,586
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ -	$ 14,858	$ 14,858
Total Deferred Inflows of Resources	$ -	$ 14,858	$ 14,858

$202,633 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 35,546	$ 200,356	$ 235,902
2023	26,467	119,871	146,338
2024	14,078	131,485	145,563
2025	10,573	73,719	84,292
	$ 86,664	$ 525,431	$ 612,095

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 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. 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.

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:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 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 investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	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
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings 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 investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 728,867	$ 532,067	$ 366,948

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:

Inflation	2.50 percent
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
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	3.00 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 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the 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 that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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 investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 3,308,290	$ 2,323,521	$ 1,489,012

10. Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

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

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

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 the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School's surcharge obligation was $1,838, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.00744600%	0.00960300%	
Prior Measurement Date	0.00627700%	0.00906100%	
Change in Proportionate Share	0.00116900%	0.00054200%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 161,819	$ (168,773)	
OPEB Expense	$ 22,383	$ (2,033)	$ 20,350

At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 2,126	$ 10,813	$ 12,939
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,825	5,915	7,740
Changes of Assumptions	27,585	2,786	30,371
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	52,962	26,922	79,884
School Contributions Subsequent to the Measurement Date	1,838	-	1,838
Total Deferred Outflows of Resources	$ 86,336	$ 46,436	$ 132,772
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 82,300	$ 33,618	$ 115,918
Changes of Assumptions	4,077	160,305	164,382
Total Deferred Inflows of Resources	$ 86,377	$ 193,923	$ 280,300

$1,838 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 1,697	$ (35,581)	$ (33,884)
2023	1,831	(31,581)	(29,750)
2024	1,809	(30,177)	(28,368)
2025	(2,821)	(34,597)	(37,418)
2026	(3,722)	(7,525)	(11,247)
Thereafter	(673)	(8,026)	(8,699)
	$ (1,879)	$ (147,487)	$ (149,366)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 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 (expected return, net of investment expense and inflation) 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 time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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
Total	100.00 %	

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 plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 198,071	$ 161,819	$ 133,011

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 127,426	$ 161,819	$ 207,828

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:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 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.

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the 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 assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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 of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (146,843)	$ (168,773)	$ (187,379)

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (186,224)	$ (168,773)	$ (147,514)

Benefit Term Changes since the Prior Measurement Date There were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

11. Restricted Net Position:

At June 30, 2021, the School reported restricted net position totaling $174,917. The nature of the net position restriction is as follows:

State Grants	$ 174,917
Total	$ 174,917

12. Contingencies:

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2021, if applicable, cannot be determined at this time. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at fiscal year-end.

B. State Funding

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. 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. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2021 financial statements was a receivable of the School District.

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. As of the date of this report, ODE has performed an FTE review on the School for fiscal year 2021.

13. Contracted Fiscal Services:

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

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

14. Purchased Services:

During the fiscal year ended June 30, 2021, purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	$ 178,275
Contracted Food Services	99,035
Utilities	93,819
Management	101,205
Repairs and Maintenance	34,956
Health	37,879
Data Processing	53,966
Instructional	3,500
Postage	3,208
Other Purchased Services	8,226
Total	$ 614,069

15. Change in Accounting Principles:

For the fiscal year ended June 30, 2021, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61,* certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98*, The Annual Comprehensive Financial Report.*

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 School.

GASB Statement No. 90 improves the 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 School.

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 School.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School.

16. Subsequent Event:

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. 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.

17. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 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 Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

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

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0080443%	0.0068120%	0.0061471%	0.0043851%	0.002851%	0.000258%	0.000236%	0.000236%
School's Proportionate Share of the Net Pension Liability	$ 532,067	$ 408,723	$ 352,056	$ 262,000	$ 208,667	$ 147,080	$ 119,287	$ 140,163
School's Covered Payroll	$ 280,950	$ 193,630	$ 193,630	$ 147,373	$ 93,137	$ 81,320	$ 67,926	$ 32,085
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.38%	211.08%	181.82%	177.78%	224.04%	180.87%	175.61%	436.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	62.98%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

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

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.00960274%	0.00906064%	0.00787006%	0.00744649%	0.006754%	0.005769%	0.000568%	0.000568%
School's Proportionate Share of the Net Pension Liability	$ 2,323,521	$ 2,003,706	$ 1,730,449	$ 1,768,930	$ 2,260,784	$ 1,594,364	$ 1,382,363	$ 1,646,662
School's Covered Payroll	$ 1,176,900	$ 903,668	$ 903,668	$ 848,675	$ 725,235	$ 609,166	$ 589,007	$ 449,262
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	197.43%	221.73%	191.49%	208.43%	311.73%	261.73%	234.69%	366.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	66.80%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	$ 40,041	$ 39,333	$ 35,204	$ 26,140	$ 20,632	$ 13,039	$ 10,718	$ 9,414	$ 4,440	$ 2,066
Contributions in relation to the contractually required contribution	$ 40,041	$ 39,333	$ 35,204	$ 26,140	$ 20,632	$ 13,039	$ 10,718	$ 9,414	$ 4,440	$ 2,066
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 286,007	$ 280,950	$ 260,768	$ 193,630	$ 147,373	$ 93,137	$ 81,320	$ 67,926	$ 32,085	$ 15,365
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	$ 162,592	$ 164,766	$ 149,020	$ 126,514	$ 118,815	$ 101,533	$ 85,283	$ 76,571	$ 58,404	$ 25,355
Contributions in relation to the contractually required contribution	$ 162,592	$ 164,766	$ 149,020	$ 126,514	$ 118,815	$ 101,533	$ 85,283	$ 76,571	$ 58,404	$ 25,355
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,161,371	$ 1,176,900	$ 1,064,428	$ 903,668	$ 848,675	$ 725,235	$ 609,166	$ 589,007	$ 449,262	$ 195,040
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability	0.0074460%	0.0062770%	0.0061483%	0.0043744%	0.0028132%
School's Proportionate Share of the Net OPEB Liability	$ 161,819	$ 157,853	$ 170,570	$ 117,397	$ 80,185
School's Covered Payroll	$ 280,950	$ 193,630	$ 193,630	$ 147,373	$ 93,137
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	57.60%	81.52%	88.09%	79.66%	86.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

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

LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability (Asset)	0.00960300%	0.00906100%	0.00787006%	0.00744649%	0.00675405%
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (168,773)	$ (150,072)	$ (126,464)	$ 290,535	$ 361,208
School's Covered Payroll	$ 1,176,900	$ 903,668	$ 903,668	$ 848,675	$ 725,235
School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.34%	-16.61%	-13.99%	34.23%	49.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution (1)	$ 1,838	$ 518	$ 1,744	$ 3,899	$ 2,035	$ 1,097	$ 1,665	$ 961	$ 491	$ 392
Contributions in Relation to the Contractually Required Contribution	$ 1,838	$ 518	$ 1,744	$ 3,899	$ 2,035	$ 1,097	$ 1,665	$ 961	$ 491	$ 392
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 286,007	$ 280,950	$ 260,768	$ 193,630	$ 147,373	$ 93,137	$ 81,320	$ 67,926	$ 32,085	$ 15,365
OPEB Contributions as a Percentage of Covered Payroll	0.64%	0.18%	0.67%	2.01%	1.38%	1.18%	2.05%	1.41%	1.53%	2.55%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,890	$ 4,493	$ 1,950
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,890	$ 4,493	$ 1,950
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 1,161,371	$ 1,176,900	$ 1,064,428	$ 903,668	$ 848,675	$ 725,235	$ 609,166	$ 589,007	$ 449,262	$ 195,040
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

1. Net Pension Liability:

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to 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 was updated to 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.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent 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, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

2. Net OPEB Liability (Asset):

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

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

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 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.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, there was no change to the claims costs process. Claim 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 percent to 1.984 percent 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 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2020, 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 2019, 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 2019. This was subsequently extended, see above paragraph.

As management of the Richland School of Academic Arts (the School), formerly Richland Academy School of Excellence, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Total net position of the School decreased $105,927 in fiscal year 2020. Ending net position of the School was $1.8 million, compared to $1.9 million at June 30, 2019.

- Total assets increased $1.6 million from the prior year and total liabilities increased by $1.6 million from the prior year.

- The School's operating loss for fiscal year 2020 was $812,395.

Using this Annual Financial Report

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

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

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

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

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

Financial Analysis

Table 1 provides a summary of the School's net position at June 30, 2020 compared to the prior fiscal year.

Table 1
Net Position at Year End

	2020	2019
Assets:		
Current and Other Assets	$ 985,291	$ 475,589
Net OPEB Asset	150,072	126,464
Nondepreciable Capital Assets	1,126,491	-
Depreciable Capital Assets, Net	3,168,619	3,262,785
Total Assets	5,430,473	3,864,838
Deferred Outflows of Resources	1,006,129	1,091,509
Liabilities:		
Current Liabilities	654,193	429,429
Non-Current Liabilities		
Other Non-Current Liabilities	1,049,440	6,500
Net Pension Liability	2,412,429	2,082,505
Net OPEB Liability	157,853	170,570
Total Liabilities	4,273,915	2,689,004
Deferred Inflows of Resources	336,971	335,700
Net Position:		
Net Investment in Capital Assets	3,144,208	3,063,085
Restricted	104,416	9,180
Unrestricted	(1,422,908)	(1,140,622)
Total Net Position	$ 1,825,716	$ 1,931,643

Current Assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of an increase in cash and cash equivalents due to the School receiving both a Paycheck Protection Program loan assisting with operations during the COVID-19 pandemic and a loan for building renovations. Nondepreciable Capital Assets increased significantly in comparison with the prior fiscal year-end. This increase is the result of the School starting construction on building renovations during fiscal year 2020.

Other Non-Current Liabilities increased significantly in comparison with the prior fiscal year-end. This increase is the result of the School receiving a forgivable loan pursuant to the Paycheck Protection Program as well as a loan for building renovations during the fiscal year.

The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources related to pensions/OPEB all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms and changes in actuarial assumptions.

Financial Analysis

Table 2 shows the change in net position for the fiscal year ended June 30, 2020 compared to the prior fiscal year.

Table 2
Changes in Net Position

	2020	2019
Operating Revenues:		
Foundation Payments	$ 2,285,532	$ 2,131,539
Other Unrestricted Grants-In-Aid	100,210	77,099
Charges for Services	9,384	6,816
Total Operating Revenues	2,395,126	2,215,454
Operating Expenses:		
Salaries and Wages	1,457,840	1,325,194
Fringe Benefits	806,149	377,428
Purchased Services	605,055	563,526
Materials and Supplies	117,681	142,097
Depreciation	168,659	172,039
Other	52,137	19,779
Total Operating Expenses	3,207,521	2,600,063
Operating Loss	(812,395)	(384,609)
Nonoperating Revenues and Expenses:		
Federal Grant Revenue	457,611	379,979
State Grant Revenue	198,312	159,992
Interest on Investments	6	6
Other Revenue	64,755	88,707
Loss on Disposal of Capital Assets	(11,700)	-
Interest and Fiscal Charges	(2,516)	(14,491)
Total Nonoperating Revenues and Expenses	706,468	614,193
Change in Net Position	(105,927)	229,584
Net Position, Beginning of Year	1,931,643	1,702,059
Net Position, End of the Year	$ 1,825,716	$ 1,931,643

Operating Revenues increased in fiscal year 2020 compared with the prior fiscal year primarily due to an increase in enrollment from 313 students in fiscal year 2019 to 341 students in fiscal year 2020.

Total Expenses increased in comparison with the prior fiscal year. This increase is primarily the result of an increase in pension/OPEB expense from $225,033 in fiscal year 2019 to $584,867 in fiscal year 2020. This increase is primarily the result of changes in benefit terms and changes in actuarial assumptions.

State Grant Revenue increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of the School receiving funds for the Student Wellness and Success program that started in fiscal year 2020.

Capital Assets

At the end of fiscal year 2020, the School had $4.3 million in net capital assets, an increase of $1.0 million in comparison with the prior fiscal year. This increase represents the amount by which current year acquisitions, totaling $1.2 million, exceeded depreciation, totaling $168,659, and current year disposals, totaling $31,200. See Note 5 of the basic financial statements for additional details.

Debt

At fiscal year-end, the School had outstanding debt totaling $1.0 million, compared with $177,600 reported one year ago. This increase represents the amount in which current year loan issuances of $1.0 million exceeded current year principal payments, totaling $177,600. See Note 6 of the basic financial statements for additional details.

Current Financial Issues

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

Contacting the School

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

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Assets:		
Current Assets		
Cash and Cash Equivalents	$	856,270
Intergovernmental Receivables		81,869
Accounts Receivable		46,652
Prepaid Items		500
Total Current Assets		985,291
Noncurrent Assets		
Net OPEB Asset		150,072
Nondepreciable Capital Assets		1,126,491
Capital Assets, Net of Accumulated Depreciation		3,168,619
Total Noncurrent Assets		4,445,182
Total Assets		5,430,473
Deferred Outflows of Resources:		
Pension		895,288
OPEB		110,841
Total Deferred Outflows of Resources		1,006,129
Liabilities:		
Current Liabilities		
Accounts Payable		416,170
Accrued Wages and Benefits Payable		167,994
Intergovernmental Payable		53,785
Capital Leases Payable		16,244
Total Current Liabilities		654,193
Long-Term Liabilities:		
Capital Leases Payable		48,732
Loans Payable		1,000,708
Net Pension Liability		2,412,429
Net OPEB Liability		157,853
Total Long-Term Liabilities		3,619,722
Total Liabilities		4,273,915
Deferred Inflows of Resources:		
Pension		111,849
OPEB		225,122
Total Deferred Inflows of Resources		336,971
Net Position:		
Net Investment in Capital Assets		3,144,208
Restricted		104,416
Unrestricted		(1,422,908)
Total Net Position	$	1,825,716

See accompanying notes to the basic financial statements.

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGE
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Operating Revenues:	
Foundation Payments	$ 2,285,532
Other Unrestricted Grants-In-Aid	100,210
Charges for Services	9,384
Total Operating Revenues	2,395,126
Operating Expenses:	
Salaries and Wages	1,457,840
Fringe Benefits	806,149
Purchased Services	605,055
Materials and Supplies	117,681
Depreciation	168,659
Other	52,137
Total Operating Expenses	3,207,521
Operating Loss	(812,395)
Non-Operating Revenues (Expenses):	
State Grant Revenue	198,312
Federal Grant Revenue	457,611
Interest on Investments	6
Other Revenue	64,755
Loss on Disposal of Assets	(11,700)
Interest and Fiscal Charges	(2,516)
Total Non-Operating Revenues (Expenses)	706,468
Change in Net Position	(105,927)
Net Position, Beginning of Year	1,931,643
Net Position, End of Year	$ 1,825,716

See accompanying notes to the basic financial statements.

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Received from State of Ohio	$ 2,385,829
Received for Other Operating Activities	8,996
Payments to Employees for Services and Benefits	(1,878,712)
Payments to Suppliers for Goods and Services	(719,473)
Payments to Other	(65,327)
Net Cash Used for Operating Activities	(268,687)
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants	604,731
Proceeds from Loan	293,165
Other Non-operating Revenue	66,808
Net Cash Provided by Noncapital Financing Activities	964,704
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(772,581)
Proceeds from Loan	707,543
State Grants	2,500
Payments for Mortgage Principal	(177,600)
Payments for Capital Lease Principal	(18,844)
Payments for Mortgage Interest	(2,516)
Net Cash Used for Capital and Related Financing Activities	(261,498)
Cash Flows from Investing Activities:	
Interest on Cash and Cash Equivalents	6
Net Cash Provided by Investing Activities	6
Net Increase in Cash and Cash Equivalents	434,525
Cash and Cash Equivalents at Beginning of Year	421,745
Cash and Cash Equivalents at End of Year	$ 856,270

See accompanying notes to the basic financial statements.

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(812,395)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		168,659
Changes in Assets and Liabilities:		
Intergovernmental Receivable		2,402
Accounts Receivable		(46,597)
Prepaid Items		15,657
Accounts Payable		3,533
Accrued Wages		5,423
Intergovernmental Payable		14,381
Net Pension Liability		386,230
Net OPEB Asset/Liability		(5,980)
Net Cash Used for Operating Activities	$	(268,687)

Schedule of Noncash Transactions:
During the fiscal year, the School acquired copiers through capital lease totaling $81,220.

1. Description of the School and Reporting Entity:

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

The School had one fiscal service provider during the 2020 fiscal year, Mangen & Associates School Resource Center. Douglas Mangen served as the Certified Treasurer during the entire 2020 fiscal period. The Buckeye Community Hope Foundation was the School's sponsor in fiscal year 2020. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. During fiscal year 2020, the School paid Buckeye Community Hope Foundation $74,289 in sponsor fees.

The School operates under the direction of the Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 10 non-certified and 29 certificated full time teaching personnel who provide services to 341 students.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 13.

2. Summary of Significant Accounting Policies:

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

A. Basis of Presentation

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

2. Summary of Significant Accounting Policies (Continued):

B. Measurement Focus and Basis of Accounting

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

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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

C. Budgetary Process

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

D. Cash and Cash Equivalents

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

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of $500. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

2. Summary of Significant Accounting Policies (Continued):

All reported capital assets, except for construction in progress, are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

F. Estimates

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

G. Intergovernmental Revenues

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

H. Operating and Non-Operating Revenues and Expenses

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

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

I. Prepaid Items

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

2. Summary of Significant Accounting Policies (Continued):

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 9 and Note 10.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension and OPEB are explained in Note 9 and Note 10.

K. Accrued Liabilities Payable

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

Wages and benefits payable - salary and related payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2020 contract.

Accounts payable - payments due for services or goods that were rendered or received during fiscal year 2020.

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

L. Pensions and Other Postemployment Benefits (OPEB)

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

2. Summary of Significant Accounting Policies (Continued):

M. Net Position

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

N. Economic Dependency

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

3. Deposits:

At June 30, 2020, the carrying amount of the School's deposits was $856,270 and the bank balance was $879,385. Of the School's bank balance, $500,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was uninsured.

4. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. A summary of the principal items of receivables at June 30, 2020 is as follows:

Source	**Amount**
FTE Adjustment	$ 76
Federal	81,793
	$ 81,869

5. Capital Assets:

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

Capital Assets:	**Beginning Balance**	**Additions**	**Deletions**	**Ending Balance**
Construction In Progress	$ -	$ 1,126,491	$ -	$ 1,126,491
Total Nondepreciable Capital Assets	-	1,126,491	-	1,126,491
Buildings and Building Improvement	3,566,477	-	-	3,566,477
Furniture and Equipment	285,000	105,693	(62,400)	328,293
Total Depreciable Capital Assets	3,851,477	105,693	(62,400)	3,894,770
Less Accumulated Depreciation:				
Buildings and Building Improvement	(374,294)	(142,659)	-	(516,953)
Furniture and Equipment	(214,398)	(26,000)	31,200	(209,198)
Total Accumulated Depreciation	(588,692)	(168,659)	31,200	(726,151)
Net Capital Assets	$ 3,262,785	$ 1,063,525	$ (31,200)	$ 4,295,110

6. Long-term Obligations:

The changes in the School's long-term obligations during fiscal year 2020 were as follows:

Debt:	Beginning Balance	Additions	Deletions	Ending Balance	Due In One Year
Direct Borrowing Loan Payable	$ 177,600	$ -	$ (177,600)	$ -	$ -
Direct Borrowing Loan Payable	-	707,543	-	707,543	-
PPP Loan Payable	-	293,165	-	293,165	-
Total Direct Borrowings	177,600	1,000,708	(177,600)	1,000,708	-
Net Pension Liability:					
Net Pension Liability-SERS	352,056	56,667	-	408,723	-
Net Pension Liability-STRS	1,730,449	273,257	-	2,003,706	-
Total Net Pension Liability	2,082,505	329,924	-	2,412,429	-
Net OPEB Liability:					
Net OPEB Liability-SERS	170,570	-	(12,717)	157,853	-
Total Net OPEB Liability	170,570	-	(12,717)	157,853	-
Total Long-Term Obligations	$ 2,430,675	$ 1,330,632	$ (190,317)	$ 3,570,990	$ -

During fiscal year 2017, the School entered into a loan for $800,000 with Mechanic Bank to pay off the remainder of the construction loan taken out to finance the building renovations. The loan carried an interest rate of 4 percent and matured on December 5, 2019.

In fiscal year 2020, the School received a forgivable loan pursuant to the Paycheck Protection Program established by the CARES Act, and the School expects the loan will be forgiven in the subsequent reporting period based on compliance with program requirements. In accordance with GASB Technical Bulletin 2020-01, the School will continue to report the loan as a liability until it is legally released from the debt.

During fiscal year 2020, the School entered into a loan with Mechanic Bank to finance building renovations. The loan carries an interest rate of 4.5 percent. As collateral for this loan, a security document was executed evidencing a lien on the property located at 1456 Park Avenue West. As of June 30, 2020, the School had only drawn down $707,543. Since the loan was not complete at June 30, 2020, the loan was excluded from the future debt schedule.

6. Long-term Obligations (Continued):

Upon the occurrence of any one of the following events, the lender may declare all indebtedness under this note immediately due and payable: (a) School's failure to make any payment on time or in the amount due; (b) any default by the School under the terms of the note or any other related documents executed in connection with the note; (c) any default of the School under the terms of any related documents in favor of the lender; (d) the death, dissolution, or termination of existence of the School or any guarantor; (e) School is not paying the School's debts as such debts become due; (f) the commencement of any proceeding under bankruptcy or insolvency laws by or against the School or any guarantor or the appointment of a receiver; (g) any default under the terms of any other indebtedness of the School to any other creditor; (h) any writ of attachment, garnishment, execution, tax lien or similar instrument is issued against any collateral securing the loan, if any, or any of the School's property or any judgment is entered against the School or any guarantor; (i) any part of the School's business is sold to or merged with any other business, individual, or entity; (j) any representation or warranty made by the School to the lender in any of the related documents or any financial statement delivered to the lender proves to have been false in any material respect as of the time when made or given; (k) if any guarantor, or any other party to any related documents in favor of the lender entered into or delivered in connection with this note terminates, attempts to terminate or defaults under any such related documents; (l) the lender has deemed itself insecure or there has been a material adverse change of condition of the financial prospects of the School or any collateral securing the obligations owing to the lender by the School.

7. Capital Lease:

The School entered into a lease agreement with MT Business Technologies for the lease of four copiers. The term of the lease was 48 months and commenced on December 2016, which required payments of $1,300 per month. During 2020, the School discontinued this lease. Lease payments during the fiscal year totaled $2,600.

The School entered into a lease agreement with Xerox Financial Services LLC for the lease of five copiers. The term of the lease is 60 months and requires payments of $1,715 per month. Lease payments during the fiscal year totaled $20,580

The following is a schedule of the future principal payments required under the capital lease as of June 30, 2020:

Fiscal Year Ending June 30:		
2021	$	16,244
2022		16,244
2023		16,244
2024		16,244
Total	$	64,976

8. Risk Management:

A. Property and Liability - The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2020, the School contracted with Markel Insurance Company for its insurance coverage as follows:

Building and Business Personal Property	$10,197,000
General Liability (aggregate)	$3,000,000
General Liability (per occurrence)	$1,000,000
Employers Liability (per occurrence)	$1,000,000

There was no significant reduction in coverage during the past three years. Settlement amounts did not exceed coverage amounts during the fiscal year.

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

C. Employee insurance Benefits - The School utilizes Anthem Blue Cross/Blue Shield to provide health insurance benefits to School employees.

9. Defined Benefit Pension Plans:

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

9. Defined Benefit Pension Plans (Continued):

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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 (assets) 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/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

9. Defined Benefit Pension Plans (Continued):

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The School's contractually required contribution to SERS was $39,333 for fiscal year 2020. Of this amount, $4,174 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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.

9. Defined Benefit Pension Plans (Continued):

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through 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. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of 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 goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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 to 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.

9. Defined Benefit Pension Plans (Continued):

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $164,766 for fiscal year 2020. Of this amount, $17,825 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00683120%	0.00906064%	
Prior Measurement Date	0.00614710%	0.00787006%	
Change in Proportionate Share	0.00068410%	0.00119058%	
Proportionate Share of the Net Pension Liability	$ 408,723	$ 2,003,706	$ 2,412,429
Pension Expense	$ 146,463	$ 443,866	$ 590,329

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.

9. Defined Benefit Pension Plans (Continued):

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 10,364	$ 16,314	$ 26,678
Changes of Assumptions	0	235,374	235,374
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	63,405	365,732	429,137
School Contributions Subsequent to the Measurement Date	39,333	164,766	204,099
Total Deferred Outflows of Resources	$ 113,102	$ 782,186	$ 895,288
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 8,673	$ 8,673
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,245	97,931	103,176
Total Deferred Inflows of Resources	$ 5,245	$ 106,604	$ 111,849

$204,099 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 66,946	$ 281,562	$ 348,508
2022	(1,048)	125,219	124,171
2023	(351)	46,979	46,628
2024	2,977	57,056	60,033
	$ 68,524	$ 510,816	$ 579,340

9. Defined Benefit Pension Plans (Continued):

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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. Future benefits for all current plan members were projected through 2035.

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

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

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 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.

9. Defined Benefit Pension Plans (Continued):

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

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

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings 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 investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 572,767	$ 408,723	$ 271,151

9. Defined Benefit Pension Plans (Continued):

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

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
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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.

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

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

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

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

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

9. Defined Benefit Pension Plans (Continued):

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net Pension Liability	$ 2,928,193	$ 2,003,706	$ 1,221,080

10. Defined Benefit OPEB Plans:

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

Plan Description - School Employees Retirement System (SERS)

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

10. 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 the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School's surcharge obligation was $518, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

10. Defined Benefit OPEB Plans (Continued):

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability (asset) was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.00627700%	0.00906100%	
Prior Measurement Date	0.00614800%	0.00787000%	
Change in Proportionate Share	0.00012900%	0.00119100%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 157,853	$ (150,072)	
OPEB Expense	$ 25,141	$ (30,603)	$ (5,462)

At June 30, 2020, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 2,318	$ 13,606	$ 15,924
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	378	0	378
Changes of Assumptions	11,529	3,154	14,683
Changes in Proportion and Differences between School Contributions and Proportionate Share of Contributions	45,320	34,018	79,338
School Contributions Subsequent to the Measurement Date	518	0	518
Total Deferred Outflows of Resources	$ 60,063	$ 50,778	$ 110,841
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 34,680	$ 7,635	$ 42,315
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	9,424	9,424
Changes of Assumptions	8,845	164,538	173,383
Total Deferred Inflows of Resources	$ 43,525	$ 181,597	$ 225,122

10. Defined Benefit OPEB Plans (Continued):

$518 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 8,149	$ (28,162)	$ (20,013)
2022	3,556	(28,160)	(24,604)
2023	3,668	(24,385)	(20,717)
2024	3,649	(23,055)	(19,406)
2025	(1,003)	(27,532)	(28,535)
Thereafter	(1,999)	475	(1,524)
	$ 16,020	$ (130,819)	$ (114,799)

Actuarial Assumptions - SERS

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

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

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

10. Defined Benefit OPEB Plans (Continued):

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

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 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 (expected return, net of investment expense and inflation) 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 time frame. 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.

10. 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:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

10. Defined Benefit OPEB Plans (Continued):

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 191,604	$ 157,853	$ 131,018

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	$ 126,473	$ 157,853	$ 199,488

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 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.

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

10. 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	100.00 %	

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

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the 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, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

10. Defined Benefit OPEB Plans (Continued):

	1% Decrease	Current Discount Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (128,056)	$ (150,072)	$ (168,582)

	1% Decrease	Current Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (170,175)	$ (150,072)	$ (125,451)

11. Restricted Net Position:

At June 30, 2020, the School reported restricted net position totaling $104,416. The nature of the net position restriction is as follows:

State Grants	$ 77,343
Federal Grants	27,073
Total	$ 104,416

12. Contingencies:

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2020, if applicable, cannot be determined at this time. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at fiscal year-end.

B. State Funding

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

12. Contingencies (Continued):

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2020. All adjustments have been finalized and $76 has been reported as intergovernmental receivable on the statement of net position.

13. Contracted Fiscal Services:

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

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

The total fee paid for these services during fiscal year 2020 was $171,827.

14. Purchased Services:

During the fiscal year ended June 30, 2020, purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	$ 202,971
Contracted Food Services	127,666
Utilities	87,761
Management	96,404
Repairs and Maintenance	11,848
Health	27,563
Data Processing	27,842
Instructional	6,468
Printing	1,237
Transportation	1,189
Postage	1,673
Other Purchased Services	12,350
Travel/Meetings	83
Total	$ 605,055

15. Change in Accounting Principles:

For the fiscal year ended June 30, 2020, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.* GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:
- Statement No. 84, *Fiduciary Activities*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:
- Statement No. 87, *Leases*

15. Change in Accounting Principles (Continued):

For the fiscal year ended June 30, 2020, the School also implemented paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Paragraph 4 increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a government board typically would perform and paragraph 5 mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. The implementation of paragraphs 4 and 5 of this Statement did not have an effect on the financial statements of the School.

For the fiscal year ended June 30, 2020, the School has early implemented Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 92 *Omnibus 2020.*

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The early implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The early implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School.

16. Subsequent Event:

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 will impact subsequent periods of the School. The School’s investments of the pension and other employee benefit plan in which the School participates have incurred a decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

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

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.0068120%	0.0061471%	0.0043851%	0.002851%	0.000258%	0.000236%	0.000236%
School's Proportionate Share of the Net Pension Liability	$ 408,723	$ 352,056	$ 262,000	$ 208,667	$ 147,080	$ 119,287	$ 140,163
School's Covered Payroll	$ 260,768	$ 193,630	$ 147,373	$ 93,137	$ 81,320	$ 67,926	$ 32,085
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	156.74%	181.82%	177.78%	224.04%	180.87%	175.61%	436.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	62.98%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

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

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
School's Proportion of the Net Pension Liability	0.00906064%	0.00787006%	0.00744649%	0.006754%	0.005769%	0.000568%	0.000568%
School's Proportionate Share of the Net Pension Liability	$ 2,003,706	$ 1,730,449	$ 1,768,930	$ 2,260,784	$ 1,594,364	$ 1,382,363	$ 1,646,662
School's Covered Payroll	$ 1,064,428	$ 903,668	$ 848,675	$ 725,235	$ 609,166	$ 589,007	$ 449,262
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.24%	191.49%	208.43%	311.73%	261.73%	234.69%	366.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	66.80%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 39,333	$ 35,204	$ 26,140	$ 20,632	$ 13,039	$ 10,718	$ 9,414	$ 4,440	$ 2,066	$ 1,782
Contributions in relation to the contractually required contribution	$ 39,333	$ 35,204	$ 26,140	$ 20,632	$ 13,039	$ 10,718	$ 9,414	$ 4,440	$ 2,066	$ 1,782
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 280,950	$ 260,768	$ 193,630	$ 147,373	$ 93,137	$ 81,320	$ 67,926	$ 32,085	$ 15,365	$ 14,177
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 164,766	$ 149,020	$ 126,514	$ 118,815	$ 101,533	$ 85,283	$ 76,571	$ 58,404	$ 25,355	$ 11,779
Contributions in relation to the contractually required contribution	$ 164,766	$ 149,020	$ 126,514	$ 118,815	$ 101,533	$ 85,283	$ 76,571	$ 58,404	$ 25,355	$ 11,779
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,176,900	$ 1,064,428	$ 903,668	$ 848,675	$ 725,235	$ 609,166	$ 589,007	$ 449,262	$ 195,040	$ 90,608
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability	0.0062770%	0.0061483%	0.0043744%	0.0028132%
School's Proportionate Share of the Net OPEB Liability	$ 157,853	$ 170,570	$ 117,397	$ 80,185
School's Covered Payroll	$ 260,768	$ 193,630	$ 147,373	$ 93,137
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	60.53%	88.09%	79.66%	86.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

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

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
School's Proportion of the Net OPEB Liability (Asset)	0.00906100%	0.00787006%	0.00744649%	0.00675405%
School's Proportionate Share of the Net OPEB Liability (Asset)	$ (150,072)	$ (126,464)	$ 290,535	$ 361,208
School's Covered Payroll	$ 1,064,428	$ 903,668	$ 848,675	$ 725,235
School's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.10%	-13.99%	34.23%	49.81%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution (1)	$ 518	$ 1,744	$ 3,899	$ 2,035	$ 1,097	$ 1,665	$ 961	$ 491	$ 392	$ 486
Contributions in Relation to the Contractually Required Contribution	$ 518	$ 1,744	$ 3,899	$ 2,035	$ 1,097	$ 1,665	$ 961	$ 491	$ 392	$ 486
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 280,950	$ 260,768	$ 193,630	$ 147,373	$ 93,137	$ 81,320	$ 67,926	$ 32,085	$ 15,365	$ 14,177
OPEB Contributions as a Percentage of Covered Payroll	0.18%	0.67%	2.01%	1.38%	1.18%	2.05%	1.41%	1.53%	2.55%	3.43%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

RICHLAND SCHOOL OF ACADEMIC ARTS
RICHLAND COUNTY

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,890	$ 4,493	$ 1,950	$ 906
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,890	$ 4,493	$ 1,950	$ 906
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School's Covered Payroll	$ 1,176,900	$ 1,064,428	$ 903,668	$ 848,675	$ 725,235	$ 609,166	$ 589,007	$ 449,262	$ 195,040	$ 90,608
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

1. Net Pension Liability:

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to 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 was updated to 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.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent 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, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

2. Net OPEB Liability (Asset):

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

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

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

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

Pre-Medicare:

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare:

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

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 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 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.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

2. Net OPEB Liability (Asset) (Continued):

Changes in Benefit Terms – STRS

For fiscal year 2020, there was no change to the claims costs process. Claim 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 percent to 1.984 percent 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 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

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 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 2019. This was subsequently extended, see above paragraph.

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Richland School of Academic Arts, Richland County, Ohio (the "School") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 29, 2021.

Internal Control over Financial Reporting

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.
Wooster, Ohio
December 29, 2021

OHIO AUDITOR OF STATE
KEITH FABER

THE RICHLAND SCHOOL OF ACADEMIC ARTS

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/8/2022

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