OHIO AUDITOR OF STATE
KEITH FABER

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY
JUNE 30, 2020

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Eagle Learning Center, Inc.
Lucas County
3320 West Market Street #300
Fairlawn, Ohio 44333

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of Eagle Learning Center, Inc., Lucas County, Ohio (the Learning Center), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Learning Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Learning Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Learning Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Learning Center, as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Learning Center. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2021, on our consideration of the Learning Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Learning Center's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

April 20, 2021

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The management's discussion and analysis of the Eagle Learning Center, Inc. (the "Learning Center") financial performance provides an overall review of the Learning Center's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Learning Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Learning Center's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- In total, net position was $259,656 at June 30, 2020. This represents a decrease of $270,003 compared to the prior year.

- The Learning Center had operating revenues of $411,886 and operating expenses of $736,598 for fiscal year 2020. The Learning Center also non-operating revenues consisting of Federal and State grants and interest income in the amount of $54,709.

Using these Basic Financial Statements

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

Reporting the Learning Center's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2020?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Learning Center's net position and changes in that position. This change in net position is important because it tells the reader that, for the Learning Center as a whole, the financial position of the Learning Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

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

The table below provides a summary of the Learning Center's net position at June 30, 2020 and 2019.

Net Position

	2020	2019
Assets:		
Current assets	$ 426,275	$ 498,652
Non-current assets:		
Net OPEB asset	30,172	-
Capital assets, net	46,979	-
Total assets	503,426	498,652
Deferred outflows of resources:		
Pension	423,558	38,842
OPEB	62,634	1,021
Total deferred outflows of resources	486,192	39,863
Liabilities:		
Current liabilities	64,882	8,856
Long-term liabilities:		
Net pension liability	511,279	-
Net OPEB liability	44,600	-
Loans payable	37,569	-
Total liabilities	658,330	8,856
Deferred inflows of resources:		
Pension	22,821	-
OPEB	48,811	-
Total deferred outflows of resources	71,632	-
Net position:		
Investment in capital assets	46,979	-
Unrestricted	212,677	529,659
Total net position	$ 259,656	$ 529,659

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the Learning Center's net position totaled $259,656.

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Learning Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

Current assets consist primarily of cash and cash equivalents, receivables, and prepayments. The decrease in current assets is mostly due to lower intergovernmental receivables from the State. Total assets increased, however, as the Learning Center purchased capital assets during fiscal year 2020 and is also now reporting a net OPEB asset in accordance with GASB Statement 75.

Current liabilities mostly consist of payables resulting from operations and the current portion of the Learning Center's loans payable. Non-current liabilities consist of loans payable, and the Learning Center's proportionate share of the net pension liability and net OPEB liability. Most of the increase in total liabilities is a result of the Learning Center now reporting net pension and net OPEB liabilities for fiscal year 2020.

The Learning Center's deferred outflows and inflows of resources represent amounts related to pensions and OPEB in accordance with the reporting requirements of GASB 68 and GASB 75. Refer to Note 7 and Note 8 in the notes to the basic financial statements for additional information on the components that comprise these amounts.

The table below shows the changes in net position for the fiscal years ended June 30, 2020 and 2019.

Change in Net Position

	2020	2019
Operating revenues:		
State Foundation	$ 340,441	$ 483,152
Special education	61,900	54,450
Other	9,545	25,937
Total operating revenues	411,886	563,539
Operating expenses:		
Salaries and wages	251,590	287,149
Fringe benefits	213,827	36,385
Purchased services	251,946	154,192
Materials and supplies	3,416	26,071
Depreciation	2,043	3,159
Other	13,776	15,392
Total operating expenses	736,598	522,348
Non-operating revenues:		
Federal and State grants	51,135	8,040
Interest revenue	3,574	848
Total non-operating revenues	54,709	8,888
Change in net position	(270,003)	50,079
Net position at beginning of year	529,659	479,580
Net position at end of year	$ 259,656	$ 529,659

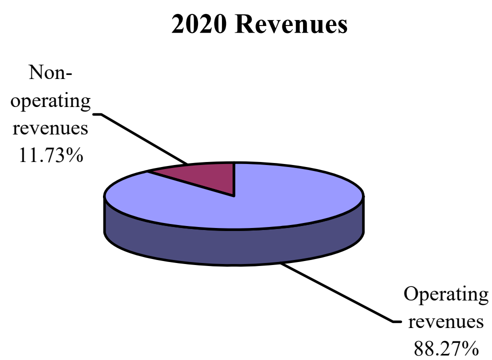
The Learning Center's main source of revenue is the State Foundation revenue, in an amount based upon the number of FTE (full time equivalent) students attending the Learning Center. The Learning Center's FTE went from 71 in fiscal year 2019 to 49 in fiscal year 2020, which led directly to a decrease in State Foundation revenue and total operating revenues. Non-operating revenues increased slightly, mostly due to additional Federal and State grant funding.

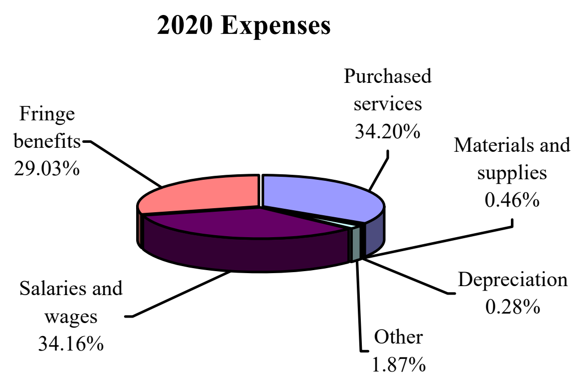
As the table shows, the overall increase in expenses is a result of higher expenses for fringe benefits and purchased services. Fringe benefits expense was higher in fiscal year 2020 due to an increase in pension expense and OPEB expense calculated in accordance with GASB Statements 68 and 75. The increase in purchased services expense is primarily due to higher expenses for computer and technology services and administrative tech. services. Additional detail on the components of purchased services expenses can be found in Note 10 in the notes to the basic financial statements.

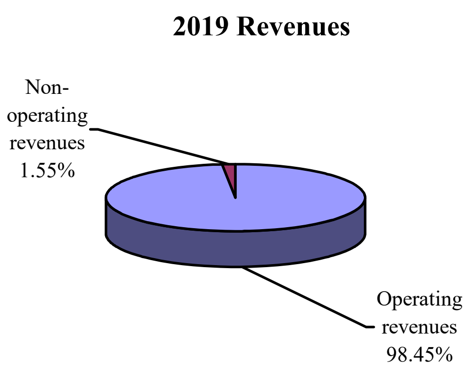
EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

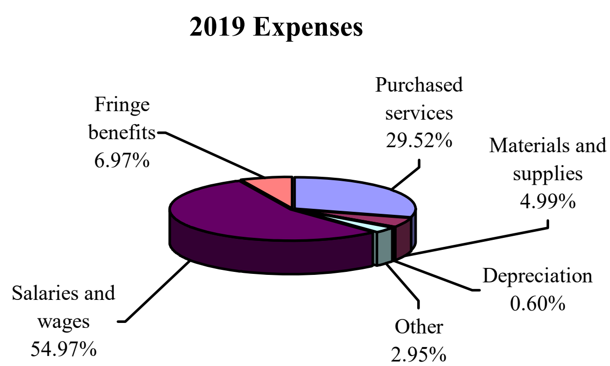
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The following graphs illustrate the revenues and expenses of the Learning Center for fiscal years 2020 and 2019.









Capital Assets

At June 30, 2020, the Learning Center had $229,435 invested in leasehold improvements, computer equipment and software. Accumulated depreciation on these assets was $182,456 leaving a net book value of $46,979. Additions for fiscal year 2020 consisting of leasehold improvements totaled $49,022 and depreciation expense totaled $2,043. See Note 5 in the notes to the basic financial statements for more detail on capital assets.

Debt Administration

Long-term debt outstanding for the Learning Center at June 30, 2020 consists of loans payable in the amount of $67,400. This is a loan applied for and received in fiscal year 2020 under the Paycheck Protection Program (PPP) to help the Learning Center with payroll costs during the COVID-19 crisis. This loan will be fully forgiven as long as certain conditions relating to the use of the funds are met. See Note 6 in the notes to the basic financial statements for more detail on the loan.

Current Financial Related Activities

The Learning Center receives approximately 97.7% of its operating revenues and 86.2% of total revenues from the Ohio Department of Education in the form of State Foundation and special education revenues. Thus, the Learning Center is heavily reliant on the State funding formula in its ability to continue to provide quality educational services to its students. Currently the Learning Center's allocation for fiscal year 2021 is approximately $227,000. However, this could increase or decrease based upon the number of students attending the Learning Center during the year.

In order to continually provide learning opportunities to its students, the Learning Center will apply financial resources to best meet the needs of its students. It is the intent of the Learning Center to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Learning Center's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Learning Center's finances and to show the Learning Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Jeff Foster, Treasurer, Marcum LLP, 3320 W. Market Street, Suite 300, Fairlawn, Ohio 4433.

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2020

Assets:	
Current assets:	
Cash and cash equivalents	$ 401,310
Receivables:	
Intergovernmental receivable	17,306
Prepayments	7,659
Total current assets	426,275
Non-current assets:	
Net OPEB asset	30,172
Depreciable capital assets, net	46,979
Total non-current assets	77,151
Total assets	503,426
Deferred outflows of resources:	
Pension	423,558
OPEB	62,634
Total deferred outflows of resources	486,192
Liabilities:	
Current liabilities:	
Accounts payable	34,666
Intergovernmental payable	385
Loans payable	29,831
Total current liabilities	64,882
Non-current liabilities:	
Loans payable	37,569
Net pension liability	511,279
Net OPEB liability	44,600
Total non-current liabilities	593,448
Total liabilities	658,330
Deferred inflows of resources:	
Pension	22,821
OPEB	48,811
Total deferred inflows of resources	71,632
Net position:	
Investment in capital assets	46,979
Unrestricted	212,677
Total net position	$ 259,656

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

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

Operating revenues:		
State Foundation	$	340,441
Special education		61,900
Other		9,545
Total operating revenues		411,886
Operating expenses:		
Salaries and wages.		251,590
Fringe benefits.		213,827
Purchased services.		251,946
Materials and supplies		3,416
Depreciation		2,043
Other.		13,776
Total operating expenses.		736,598
Operating loss		(324,712)
Non-operating revenues:		
Federal and State grants		51,135
Interest income.		3,574
Total non-operating revenues		54,709
Change in net position		(270,003)
Net position at beginning of year		529,659
Net position at end of year.	$	259,656

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

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

Cash flows from operating activities:		
Cash received from State Foundation	$	426,965
Cash received from special education		61,900
Cash received from other operations.		9,545
Cash payments for salaries and wages.		(251,590)
Cash payments for fringe benefits		(64,265)
Cash payments to suppliers for goods and services		(225,279)
Cash payments for materials and supplies		(3,416)
Cash payments for other expenses		(13,031)
Net cash used in operating activities		(59,171)
Cash flows from noncapital financing activities:		
Cash received from Federal and State grants.		51,135
Cash received from loans.		67,400
Net cash provided by financing activities		118,535
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(49,022)
Cash flows from investing activities:		
Interest received		3,574
Net increase in cash and cash equivalents		13,916
Cash and cash equivalents at beginning of year.		387,394
Cash and cash equivalents at end of year	$	401,310
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(324,712)
Adjustments:		
Depreciation.		2,043
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
Decrease in intergovernmental receivable.		89,609
Increase in prepayments		(3,316)
Increase in deferred outflows - pension		(384,716)
Increase in deferred outflows - OPEB		(61,613)
Increase in net OPEB asset.		(30,172)
Increase in accounts payable.		26,501
Decrease in intergovernmental payable		(306)
Increase in net pension liability.		511,279
Increase in net OPEB liability		44,600
Increase in deferred inflows - pension		22,821
Increase in deferred inflows - OPEB.		48,811
Net cash used in operating activities.	$	(59,171)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE LEARNING CENTER

The Eagle Learning Center, Inc. (the "Learning Center") was established pursuant to Ohio Revised Code Chapter 3314 to establish a new conversion school in Oregon City School District (the "District") addressing the needs of students in grades 9 through 12. The Learning Center, which is part of the State's education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Learning Center may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Learning Center.

The Learning Center is designed to meet the academic needs of high school students, grades 9 through 12, ages 16 through 22 (for regular education students) or ages 16 through 23 (for special education students), who are unsuccessful in the traditional educational setting. Typically, they are identified as students with special needs or are "at highest risk" for academic failure. Even with such significant issues, these students have a desire for an education when presented in a manner that can optimize learning. This can be done in an environment that does not include most ancillary components of a more traditional education. The objective of the Learning Center is to assist students in attaining a high school diploma by providing students: a curriculum delivery system that allows for individualized self-paced instruction, flexible operational hours that accommodate student work/family schedules, an opportunity to participate in career technical training programs available at the District's high school facility, assistance in job placement, and one-on-one social-emotional support necessary to assist students in overcoming obstacles to success. Enrollment is limited to students within the attendance area of the District.

The Learning Center began operations on September 11, 2006 and provides services to approximately 49 students.

The Learning Center operates under the direction of a five-member Board of Directors (the "Governing Authority") to include: a) four members who are public officials or City of Oregon residents who have an interest in furthering the objectives of the establishment and operation of the Learning Center, and b) one member who is a civic leader in the community served by the community school operated by the Learning Center. The Governing Authority 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 qualification of teachers.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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) 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.

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

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows are included on the statement of net 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. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the net position reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. See Note 7 and Note 8 for deferred outflows of resources related to the Learning Center's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net 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 and will not be recognized as an inflow of resources (revenue) until that time. See Note 7 and Note 8 for deferred inflows of resources related to the Learning Center's net pension liability and net OPEB liability/asset, respectively.

D. 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 of Ohio Revised Code Chapter 5705; therefore, no budgetary information is presented in the basic financial statements.

E. Cash and Cash Equivalents

All monies received by the Learning Center are accounted for in central bank accounts. Monies are maintained in these accounts or temporarily used to purchase short-term investments. For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. The Learning Center does not have any investments.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at acquisition value on the date donated. The Learning Center maintains a capitalization threshold of $1,000. The Learning Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

All reported capital assets are depreciated. Depreciation is computed using the straight-line method. Furniture, fixtures and software are depreciated over three years and leasehold improvements are depreciated over ten to twenty years.

G. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Learning Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

H. Intergovernmental Revenue

The Learning Center currently participates in the State Foundation Program through the Ohio Department of Education. Revenues from these programs are recognized as operating revenue in the accounting period in which they are earned, essentially the same as the fiscal year.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Learning Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Learning Center on a reimbursement basis.

I. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items using the consumption method. A current asset for the prepaid amounts is recorded at the time of the payment by the Learning Center and the expense is recorded when used.

J. Operating Revenues and Expenses

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

K. Estimates

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

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

L. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2020, the Learning Center has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

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 Learning Center.

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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Learning Center.

NOTE 4 - DEPOSITS

At June 30, 2020, the carrying amount of all deposits was $401,310 and the bank balance was $399,237. Of the bank balance, $305,071 was covered by the FDIC and $94,166 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Learning Center to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Learning Center's deposits may not be returned. The Learning Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the Learning Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the Learning Center's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS.

NOTE 5 - CAPITAL ASSETS

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

	Balance 06/30/2019	Additions	Disposals	Balance 06/30/2020
Furniture, fixtures and equipment	$ 117,224	$ -	$ -	$ 117,224
Leasehold improvements	63,189	49,022	-	112,211
Less: accumulated depreciation	(180,413)	(2,043)	-	(182,456)
Capital assets, net	$ -	$ 46,979	$ -	$ 46,979

NOTE 6 - LONG-TERM OBLIGATIONS

During fiscal year 2020, the Learning Center had the following activity in long-term obligations:

	Balance at 06/30/19	Additions	Reductions	Balance at 06/30/20	Due Within One Year
Net pension liability	$ -	$ 511,279	$ -	$ 511,279	$ -
Net OPEB liability	-	44,600	-	44,600	-
Loans payable from direct borrowing	-	67,400	-	67,400	29,831
Total long-term obligations	$ -	$ 623,279	$ -	$ 623,279	$ 29,831

See Notes 7 and 8 for detail regarding the net pension liability and net OPEB liability, respectively.

On May 6, 2020, the Learning Center entered into an agreement with PNC Bank in the amount of $67,400 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Small Business Administration (SBA) under the Paycheck Protection Program (PPP). This loan is considered a direct borrowing. Direct borrowings have terms negotiated between the borrower and the lender and are not offered for public sale. The loan carries an interest rate of 1% and has a maturity date of May 6, 2022. Forgiveness of the loan is available for principal that is used for the limited purposes that qualify for forgiveness under SBA requirements, and in order to obtain forgiveness, the Learning Center must request it and must provide documentation in accordance with the SBA requirements.

The following is a schedule of the future payments due on the loan, assuming none of the loan is forgiven:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	$ 29,831	$ 362	$ 30,193
2022	37,569	173	37,742
Total	$ 67,400	$ 535	$ 67,935

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit: or 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; or 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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Learning Center is required to contribute 14% 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% for plan members and 14% 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%.

The Learning Center's contractually required contribution to SERS was $5,709 for fiscal year 2020, all of which has been paid by June 30, 2020.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 website at www.strsoh.org.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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.

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

The Learning Center's contractually required contribution to STRS was $28,269 for fiscal year 2020, all of which has been paid by June 30, 2020.

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Learning Center's proportion of the net pension liability was based on the Learning Center's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.00000000%	0.00000000%	
Proportion of the net pension liability current measurement date	0.00181210%	0.00182170%	
Change in proportionate share	0.00181210%	0.00182170%	
Proportionate share of the net pension liability	$ 108,421	$ 402,858	$ 511,279
Pension expense	$ 56,659	$ 126,703	$ 183,362

At June 30, 2020, the Learning Center 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	$ 2,750	$ 3,278	$ 6,028
Changes of assumptions	-	47,323	47,323
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	59,301	276,928	336,229
Contributions subsequent to the measurement date	5,709	28,269	33,978
Total deferred outflows of resources	$ 67,760	$ 355,798	$ 423,558
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 1,744	$ 1,744
Net difference between projected and actual earnings on pension plan investments	1,390	19,687	21,077
Total deferred inflows of resources	$ 1,390	$ 21,431	$ 22,821

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

$33,978 reported as deferred outflows of resources related to pension resulting from Learning Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 42,863	$ 94,072	$ 136,935
2022	17,100	73,985	91,085
2023	(92)	66,422	66,330
2024	790	71,619	72,409
Total	$ 60,661	$ 306,098	$ 366,759

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

For 2019, the mortality rates were based on the 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 were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Learning Center's proportionate share of the net pension liability	$ 151,937	$ 108,421	$ 71,928

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:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

STRS Ohio’s 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 %	

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the Learning Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Learning Center's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the Learning Center'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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Learning Center's proportionate share of the net pension liability	$ 588,732	$ 402,858	$ 245,506

NOTE 8 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

The net OPEB liability/asset represents the Learning Center's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/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 these estimates annually.

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Learning Center 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.

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% 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 post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the Learning Center's surcharge obligation was $385.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Learning Center's contractually required contribution to SERS was $385 for fiscal year 2020. This entire amount is reported as 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% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Learning Center's proportion of the net OPEB liability/asset was based on the Learning Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.00000000%	0.00000000%	
Proportion of the net OPEB liability/asset current measurement date	0.00177350%	0.00182170%	
Change in proportionate share	0.00177350%	0.00182170%	
Proportionate share of the net OPEB liability	$ 44,600	$ -	$ 44,600
Proportionate share of the net OPEB asset	$ -	$ 30,172	$ 30,172
OPEB expense	$ 9,534	$ (7,523)	$ 2,011

At June 30, 2020, the Learning Center 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	$ 656	$ 2,735	$ 3,391
Net difference between projected and actual earnings on OPEB plan investments	106	-	106
Changes of assumptions	3,258	634	3,892
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	44,365	10,495	54,860
Contributions subsequent to the measurement date	385	-	385
Total deferred outflows of resources	$ 48,770	$ 13,864	$ 62,634
Deferred inflows of resources			
Differences between expected and actual experience	$ 9,798	$ 1,536	$ 11,334
Net difference between projected and actual earnings on pension plan investments	-	1,897	1,897
Changes of assumptions	2,500	33,080	35,580
Total deferred inflows of resources	$ 12,298	$ 36,513	$ 48,811

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

$385 reported as deferred outflows of resources related to OPEB resulting from Learning Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 5,533	$ (5,490)	$ 43
2022	6,778	(5,490)	1,288
2023	6,807	(4,733)	2,074
2024	6,803	(4,469)	2,334
2025	6,851	(4,300)	2,551
Thereafter	3,315	1,833	5,148
Total	$ 36,087	$ (22,649)	$ 13,438

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.

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 8 - 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%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Learning Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Learning Center's proportionate share of the net OPEB liability	$ 54,136	$ 44,600	$ 37,018

	1% Decrease	Current Trend Rate	1% Increase
Learning Center's proportionate share of the net OPEB liability	$ 35,733	$ 44,600	$ 56,363

NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

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

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - 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% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

NOTE 8 - 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.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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 asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

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

	1% Decrease	Current Discount Rate	1% Increase
Learning Center's proportionate share of the net OPEB asset	$ 25,746	$ 30,172	$ 33,893

	1% Decrease	Current Trend Rate	1% Increase
Learning Center's proportionate share of the net OPEB asset	$ 34,213	$ 30,172	$ 25,222

NOTE 9 - OPERATING LEASE

The Learning Center has signed an operating lease to rent facility space, for the period January 1, 2017 through December 31, 2018. During fiscal year 2019 the lease was extended through July 31, 2021. Monthly rent payments of $1,800 are owed throughout the term of the lease. Payments made in fiscal year 2020 totaled $21,600.

NOTE 10 - PURCHASED SERVICES

For fiscal year 2020, purchased services expenses were as follows:

Professional and technical services	$ 158,278
Property services	37,771
Travel mileage/meeting expense	2,402
Advertising	24,543
Utilities	28,952
Total	$ 251,946

NOTE 11 - RISK MANAGEMENT

The Learning Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. The Learning Center has purchased a comprehensive property, casualty and liability insurance policy through a commercial insurance provider.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior year.

NOTE 12 - CONTINGENCIES

A. Litigation

The Learning Center is not a party to legal proceedings that, in the opinion of management, would have a material adverse effect on the financial statements.

B. Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

NOTE 12 - CONTINGENCIES - (Continued)

The Learning Center’s September 18, 2020 foundation settlement included an FTE adjustment for fiscal year 2020. This resulted in an increase of $10,722 and is reported as an intergovernmental receivable on the financial statements. The Learning Center’s November 27, 2020 foundation settlement included an FTE adjustment for a decrease of $2 and is not material to the financial statements and is not included on the financial statements as of June 30, 2020.

In addition, the Learning Center’s contracts with their Sponsor require payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2020 have been finalized. The impact on the fiscal year 2020 financial statements, related to additional reconciliation necessary with this contract resulted in a difference of $322 which is not material and not reported on the financial statements.

NOTE 13 - SPONSORSHIP CONTRACT

The Learning Center has been approved under contract with the Office of Ohio School Sponsorship at the Department of Education (the “Sponsor”) for the initial period of July 1, 2018 through June 30, 2019. The Sponsor is responsible for evaluating the performance of the Learning Center and has the authority to deny renewal of the contract at its expiration. On December 21, 2018 the sponsorship contract was extended for five more years through June 30, 2023.

Under the terms of the Contract, the Learning Center is required to pay the Sponsor up to 3% of the funding provided to the Learning Center by the Ohio Department of Education as an oversight and monitoring (administrative) fee. In addition, in the event that the Sponsor provides substantially all of the special education and services required by an individualized education program, the Learning Center shall pay the Sponsor the funds the Learning Center received from the Ohio Department of Education on account of such student, except that the Learning Center may retain sufficient funds to cover its actual costs related to such student, if any. Any other payments from the Learning Center to the Sponsor shall be mutually agreed upon between the Learning Center and the Sponsor. The Learning Center paid $10,618 in sponsor fees during fiscal year 2020.

NOTE 14 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Learning Center. The investments of the pension and other employee benefit plans in which the Learning Center participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Learning Center’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FISCAL YEAR

	2020
Learning Center's proportion of the net pension liability	0.00181210%
Learning Center's proportionate share of the net pension liability	$ 108,421
Learning Center's covered payroll	$ 65,919
Learning Center's proportionate share of the net pension liability as a percentage of its covered payroll	164.48%
Plan fiduciary net position as a percentage of the total pension liability	70.85%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FISCAL YEAR

	2020
Learning Center's proportion of the net pension liability	0.00182170%
Learning Center's proportionate share of the net pension liability	$ 402,858
Learning Center's covered payroll	$ 213,879
Learning Center's proportionate share of the net pension liability as a percentage of its covered payroll	188.36%
Plan fiduciary net position as a percentage of the total pension liability	77.40%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LEARNING CENTER'S PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2020	2019
Contractually required contribution	$ 5,709	$ 8,899
Contributions in relation to the contractually required contribution	(5,709)	(8,899)
Contribution deficiency (excess)	$ -	$ -
Learning Center's covered payroll	$ 40,779	$ 65,919
Contributions as a percentage of covered payroll	14.00%	13.50%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LEARNING CENTER'S PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2020	2019
Contractually required contribution	$ 28,269	$ 29,943
Contributions in relation to the contractually required contribution	(28,269)	(29,943)
Contribution deficiency (excess)	$ -	$ -
Learning Center's covered payroll	$ 201,921	$ 213,879
Contributions as a percentage of covered payroll	14.00%	14.00%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FISCAL YEAR

	2020
Learning Center's proportion of the net OPEB liability	0.00177350%
Learning Center's proportionate share of the net OPEB liability	$ 44,600
Learning Center's covered payroll	$ 65,919
Learning Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	67.66%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LEARNING CENTER'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FISCAL YEAR

	2020
Learning Center's proportion of the net OPEB liability/asset	0.00182170%
Learning Center's proportionate share of the net OPEB liability/(asset)	$ (30,172)
Learning Center's covered payroll	$ 213,879
Learning Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.11%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LEARNING CENTER'S OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2020	2019
Contractually required contribution	$ 385	$ 1,021
Contributions in relation to the contractually required contribution	(385)	(1,021)
Contribution deficiency (excess)	$ -	$ -
Learning Center's covered payroll	$ 40,779	$ 65,919
Contributions as a percentage of covered payroll	0.94%	1.55%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EAGLE LEARNING CENTER, INC.
LUCAS COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LEARNING CENTER'S OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2020	2019
Contractually required contribution	$ -	$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	$ -	$ -
Learning Center's covered payroll	$ 201,921	$ 213,879
Contributions as a percentage of covered payroll	0.00%	0.00%

Note: the schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Eagle Learning Center, Inc.
Lucas County
3320 West Market Street #300
Fairlawn, Ohio 44333

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Eagle Learning Center, Inc., Lucas County, Ohio (the Learning Center) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Learning Center's basic financial statements and have issued our report thereon dated April 20, 2021 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Learning Center.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Learning Center's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Learning Center's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Learning Center's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Learning Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Learning Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Learning Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

April 20, 2021

OHIO AUDITOR OF STATE
KEITH FABER

EAGLE LEARNING CENTER, INC.

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 5/6/2021

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