Rea & associates a brighter way

MENLO PARK ACADEMY

CUYAHOGA COUNTY, OHIO

REGULAR AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Directors
Menlo Park Academy
3149 West 53rd Street
Cleveland, Ohio 44102

We have reviewed the *Independent Auditor's Report* of the Menlo Park Academy, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Menlo Park Academy is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 19, 2021

This page intentionally left blank.

MENLO PARK ACADEMY
CUYAHOGA COUNTY, OHIO

TABLE OF CONTENTS

Title	Page
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	13
Required Supplementary Information:	
Schedule of the Academy's Proportionate Share of the Net Pension Liability	43
Schedule of the Academy's Contributions-Pension	45
Schedule of the Academy's Proportionate Share of the Net OPEB Asset/Liability	47
Schedule of Academy Contributions – OPEB	49
Notes to the Required Supplementary Information	51
Other Information:	
Combining Statement of Net Position	54
Combining Statement of Revenues, Expenses, and Changes in Net Position	55
Combining Statement of Cash Flows	56
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	58

This page intentionally left blank.

December 12, 2020

To the Board of Directors
Menlo Park Academy
3149 West 53rd Street
Cleveland, OH 44102

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Menlo Park Academy, Cuyahoga County, Ohio, (the "School") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of TAE Manager, LLC; West 53rd Holdings, LLC; and West 53rd Master Tenant LLC, which represent 90 percent, 66 percent, and 25 percent, respectively, of the assets, net position, and revenues of the School's financial statements. Those statements were audited by other auditors whose report was been furnished to us, and our opinion, in so far as it relates to TAE Manager, LLC; West 53rd Holdings, LLC; and West 53rd Master Tenant LLC is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of TAE Manager, LLC; West 53rd Holdings, LLC; and West 53rd Master Tenant LLC were not audited in accordance with *Government Auditing Standards*.

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

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

CPAs and business consultants
www.reacpa.com

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Menlo Park Academy, Cuyahoga County, Ohio, as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2020 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio

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

The discussion and analysis of the financial performance for Menlo Park Academy and its blended component units (collectively "the Academy") provides an overall review of the Academy's financial activities for the fiscal years ended June 30, 2020 and December 31, 2019, respectively. The component units are made up of West 53rd Holdings, LLC, TAE Manager, LLC, and West 53rd Master Tenant, LLC and are more fully described in the Notes to the Financial Statements. The intent of this discussion and analysis is to look at the financial performance of the Academy as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the Academy for the 2019-20 Academy year are as follows:

- Total Assets and Deferred Outflows of Resources decreased $624,450 primarily as a result of decreases in restricted cash due to payments to retire debt and accruals related to GASB 68/75.
- Total Liabilities and Deferred Inflows of Resources decreased $1,541,215 primarily as a result of principal payments to retire debt.
- Total Net Position increased $916,765 largely due to contributions and donations received during the year which offset principal and interest payments made to retire debt.
- Total Operating and Non-Operating Revenues were $6,777,597. Total Operating and Non-Operating Expenses were $5,860,832.

USING THIS ANNUAL REPORT

This report consists of four parts: the basic financial statements, required supplemental information, notes to the basic financial statements, and other supplemental information. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position reflect how the Academy did financially during fiscal year 2020. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report the Academy's Net Position and changes in that position. This change in Net Position is important because it tells the reader whether the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Academy's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors. The Academy uses enterprise presentation for all of its activities.

Statement of Net Position **-** The Statement of Net Position answers the question of how the Academy did financially during 2020. This statement includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resource focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's Net Position for fiscal year 2020 compared to fiscal year 2019.

Table 1
Statement of Net Position

	2020	2019
Assets		
Current Assets	$ 1,873,826	$ 1,626,805
Noncurrent Assets	204,148	209,717
Capital Assets, Net	15,650,834	16,176,792
Total Assets	17,728,808	18,013,314
Deferred Outflows of Resources	1,063,674	1,403,618
Liabilities		
Current Liabilities	1,073,196	2,675,300
NonCurrent Liabilities	12,239,779	12,130,288
Total Liabilties	13,312,975	14,805,588
Deferred Inflows of Resources	691,965	740,567
Net Position		
Net Investment in Capital Assets	6,926,282	5,615,052
Unrestricted	(2,138,740)	(1,744,275)
Total Net Position	$ 4,787,542	$ 3,870,777

The Academy has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Academy is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate 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 asset/liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

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

The decrease in current assets is primarily due to decreases in restricted cash due to debt retirements offset by increases in accounts receivables.

The decrease in liabilities is due to debt retirements during the year offset by a Payroll Protection Program loan received.

This Space Intentionally Left Blank.

Statement of Revenues, Expenses and Change in Net Position - Table 2 shows the change in Net Position for fiscal years 2020 and 2019 as well as a listing of revenues and expenses. This change in Net Position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Table 2
Change in Net Position

	2020	2019
Operating Revenues		
State Aid	$ 4,028,096	$ 3,593,926
Lease Income	90,129	-
Classroom Materials and Fees	297,003	285,309
Charges for Services	103,822	180,236
Miscellaneous	55,822	276,250
Total Operating Revenues	4,574,872	4,335,721
Operating Expenses		
Salaries	2,233,441	1,810,378
Fringe Benefits	926,193	320,603
Purchased Services	1,159,347	1,172,293
Supplies	161,851	140,987
Depreciation	536,125	541,879
Other	413,206	241,110
Total Operating Expenses	5,430,163	4,227,250
Operating Income (Loss)	(855,291)	108,471
Non-Operating Revenues (Expenses)		
State Historical Tax Credit Revenue	-	1,489,999
Federal and State Restricted Grants	332,660	170,176
Contributions and Donations	1,600,924	465,500
Intergovernmental Revenue	127,186	92,154
Equity in Net Loss from Investments	141,512	-
Interest Income	443	368
Interest Expense	(430,669)	(587,150)
Total Non-Operating Revenues (Expenses)	1,772,056	1,631,047
Change in Net Position	$ 916,765	$ 1,739,518

The main increase in revenues from the prior year are due increases in State Aid from increased enrollment, federal and state restricted grants from increased allocations due to increased enrollment, increased capital contributions and donations to the component units, offset by receipt in 2019 for the state historical tax credit. Operating expenses increased due to serving more students from increased enrollment and increases in pension expense related to GASB 68/75 accruals.

CAPITAL ASSETS

At fiscal year end, the Academy's net capital asset balance was $15,650,834. This balance represents current year additions of $10,167, offset by current year depreciation of $536,125. For more information on capital assets, see Note 5 of the Basic Financial Statements.

DEBT

As discussed, the Academy and its component units took on debt obligations related to the facility project during the reporting period.

In fiscal year 2017, $9,826,000 of financing was provided through The Reinvestment Fund ($6,400,000) and PNC Bank ($3,426,000) for the project. During the year, $1,879,803 of principal payments were made on these loans and $567,282 of the total debt was considered to be current.

In addition, during the year the School applied for and received a Payroll Protection Program loan totaling $541,600. For more information on the School's debt obligations, including the terms and related amortization tables, see Note 6 of the Basic Financial Statements.

CURRENT FINANCIAL ISSUES

The School is a community School and is funded through the State of Ohio Foundation Program. The School relies on this, as well as, State and Federal funds as its primary source of revenue. In 2020, the State reduced the per pupil funding to $5,931 due to the economic impacts of COVID-19 to the State economy. This was a reduction of $89 from the previous year. This decrease will also be in effect for fiscal year 2021. Additionally, community schools in Ohio will be allocated a small amount of facilities funding which is also per pupil based. This amount received in fiscal year 2020 was approximately $250 per pupil. The full-time equivalent enrollment of the Academy for the year ended June 30, 2020 was 561 compared to a figure of 501 at the end of fiscal year 2019.

Overall, the Academy will continue to provide learning opportunities and apply resources to best meet the needs of the students served.

CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, investors and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have questions about this report or need additional information, contact the Academy's Fiscal Officer, C. David Massa, CPA, of Massa Financial Solutions, LLC, 2149 West 53rd Street, Cleveland, OH 44102.

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Statement of Net Position
June 30, 2020

Assets:		
Current Assets:		
Cash and Cash Equivalents	$	609,402
Restricted Cash		815,100
Accounts Receivable		445,385
Other Assets		3,939
Total Current Assets		1,873,826
Noncurrent Assets:		
Net OPEB Asset		204,148
Non Depreciable Capital Assets		415,756
Capital Assets, net of Accumulated Depreciation		15,235,078
Total Non-Current Assets		15,854,982
Total Assets		17,728,808
Deferred Outflows of Resources:		
Pension (STRS & SERS)		900,477
OPEB (STRS & SERS)		163,197
Total Deferred Outflows of Resources		1,063,674
Liabilities:		
Current Liabilities:		
Accounts Payable		172,656
Accrued Wages and Benefits		232,165
Accrued Expenses		101,093
Current Portion of Long-Term Debt		567,282
Total Current Liabilities		1,073,196
Noncurrent Liabilities:		
Non-Current Portion of Long-Term Debt		8,698,870
Net Pension Liability		3,294,382
Net OPEB Liability		246,527
Total Noncurrent Liabilities		12,239,779
Total Liabilities		13,312,975
Deferred Inflows of Resources		
Pension (STRS & SERS)		350,198
OPEB (STRS & SERS)		341,767
Total Deferred Inflows of Resources		691,965
Net Position:		
Net Investment in Capital Assets		6,926,282
Unrestricted Net Position		(2,138,740)
Total Net Position	$	4,787,542

See Accompanying Notes to the Basic Financial Statements

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

Operating Revenues:	
State Aid	$ 4,028,096
Lease Income	90,129
Classroom Materials and Fees	297,003
Charges for Services	103,822
Miscellaneous	55,822
Total Operating Revenues	4,574,872
Operating Expenses:	
Salaries	2,233,441
Fringe Benefits	926,193
Purchased Services	1,159,347
Depreciation	536,125
Supplies	161,851
Other Operating Expenses	413,206
Total Operating Expenses	5,430,163
Operating Income (Loss)	(855,291)
Non-Operating Revenues and (Expenses):	
Federal and State Restricted Grants	332,660
Intergovernmental Revenue	127,186
Contributions and Donations	1,600,924
Equity in Net Loss from Investments	141,512
Interest Income	443
Interest Expense	(430,669)
Net Non-operating Revenues and (Expenses)	1,772,056
Change in Net Position	916,765
Net Position - Beginning of Year	3,870,777
Net Position - End of Year	$ 4,787,542

See Accompanying Notes to the Basic Financial Statements

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
State Aid Receipts	$ 4,028,096
Lease Income	90,129
Other Operating Receipts	456,647
Cash Payments for Asset Management Fees	(60,000)
Cash Payments to Employees for Services	(2,233,441)
Cash Payments for Employee Benefits	(677,860)
Cash Payments to Suppliers for Goods and Services	(1,812,203)
Net Cash Provided By (Used For) Operating Activities	(208,632)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grant Receipts	438,552
PPP Loan Proceeds	541,600
Intergovernmental Revenue	127,186
Contributions and Donations	1,600,924
Equity in Net Loss from Investments	141,512
Net Cash Provided By Noncapital Financing Activities	2,849,774
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(10,167)
Interest Income	443
Principal Payments Made on Loans	(1,879,803)
Interest Expense	(473,284)
Net Cash Provided By Capital and Related Financing Activities	(2,362,811)
Net Increase/(Decrease) in Cash and Cash Equivalents	278,331
Cash and Cash Equivalents - Beginning of the Year	1,146,171
Cash and Cash Equivalents - Ending of the Year	$ 1,424,502

See Accompanying Notes to the Basic Financial Statements

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020
(Continued)

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities		
Operating Income (Loss)	$	(855,291)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided By (Used For) Operating Activities:		
Depreciation		536,125
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:		
(Increase)/ Decrease in Net OPEB Asset		5,569
(Increase)/ Decrease in Deferred Outflows Pension		368,129
(Increase)/ Decrease in Deferred Outflows OPEB		(28,185)
(Increase)/ Decrease in Accounts Receivable		(120,734)
Increase/ (Decrease) in Net Pension Liability		(56,484)
Increase/ (Decrease) in Net OPEB Liability		7,906
Increase/(Decrease) in Accounts Payable, Trade		(43,498)
Increase/(Decrease) in Accrued Expenses		(161,257)
Increase/(Decrease) in Accrued Wages and Benefits		56,308
(Increase)/ Decrease in Other Assets		131,382
Increase/ (Decrease) in Deferred Inflows Pension		(18,407)
Increase/ (Decrease) in Deferred Inflows OPEB		(30,195)
Net Cash Provided By (Used For) Operating Activities	$	(208,632)

See Accompanying Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE ENTITY

Menlo Park Academy ("MPA") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. MPA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect MPA's tax-exempt status. MPA's objective is to provide educational services to gifted students in grades kindergarten through 8th grade. MPA, which is part of the State's education program, is independent of any Academy and is nonsectarian in its programs, admission policies, employment practices, and all other operations. MPA may acquire facilities as needed and contract for any services necessary for the operation of MPA.

MPA entered into a sponsorship agreement with Educational Service Center of Lake Erie West (the "Sponsor") on September 16, 2008 amended as of July 1, 2011 for a period through June 30, 2021. The Sponsor is responsible for evaluating the performance of MPA and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. MPA operates under the direction of a Governing Board. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Governing Board controls MPA's one instructional and support facility. Total fees paid to the sponsor during fiscal year 2020 were $96,058.

Component Units **-** As defined by GAAP, the reporting entity consists of the Academy, as well as, component units, which are legally separate organizations for which the officials of the Academy are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either (a) the ability to impose will by the Academy, or (b) the possibility that the component units will provide a financial benefit to or impose a financial burden on the Academy, or (c) the component units are financially dependent on the Academy. In addition, component units can be other organizations for which the nature and significance of their relationship with the Academy are such that exclusion would cause the reporting entity's financial statements to be misleading. Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component units outside of the basic financial statement totals of the primary government. The Academy is reporting blended component units within its financial statements. The blending method was applied to the component units mainly because the management of the Academy has operational responsibilities for the component units having a shared board.

On December 4, 2014 Menlo Park Academy formed West 53rd Holdings, LLC which is a wholly owned and controlled subsidiary. West 53rd Holdings, LLC was formed to acquire, hold, invest in, secure financing for, construct, rehabilitate, develop, improve, maintain, operate, and lease real property in a manner that furthers the charitable purpose of the Academy, by providing a decent, safe, sanitary facility for Academy operations. West 53rd Holdings, LLC had activity in the prior year. During fiscal year 2018, there were two additional entities which had activity in them related to the construction project. These were TAE Manager, LLC and West 53rd Master Tenant, LLC. The activity of these entities, along with West 53rd Holdings, LLC is reflected in these statements as a blended component unit with the financial activity of the Academy, Menlo Park Academy. All of the component unit entities have a December 31st year end, which differs from the Academy's year end of June 30. Certain accounting differences between the Academy and the component units may exist due to the different fiscal years presented.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation **-** The Academy's basic financial statements consist of a Statement of Net Position, a Statement of Revenue, Expenses and Change in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change Net Position, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-ending reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprise where the intent is that the cost (expense) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Measurement Focus and Basis of Accounting **-** Enterprise accounting used a flow of economic resources measurement focus. Under this measurement focus, all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources are included on the Statement of Net Position. The operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

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

Cash and Cash Equivalents and Restricted Cash **-** Cash received by the Academy is reflected as "Cash and Cash Equivalents" and "Restricted Cash" on the Statement of Net Position. The Academy did have one investment account during the fiscal year ended June 30, 2020 that was classified as a cash equivalent. Restricted Cash is reported due to remaining OFCC grant monies obligated for contracts payable due to building repairs.

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

Capital Assets and Depreciation **-** Capital assets are capitalized at cost after being placed in service. The costs of additions are capitalized and expenditures for repairs and maintenance are expensed when incurred. When property is sold or retired, the related costs and accumulated depreciation are removed from the financial records and any gain or loss is included in additions to or deductions from Net Position. Capital assets were $15,650,834, as of June 30, 2020, net of accumulated depreciation. Depreciation of capital assets is calculated utilizing the straight-line method over the estimated useful lives of the assets once the asset has been placed in service, except for land and construction in progress. The useful lives of each asset class are as follows:

Asset Class	Useful Life
Computers & Software	3 years
Site Improvements	15 years
Furniture, Fixtures, & Equipment	5 years
Building	39 years
Leasehold Improvements	2-4 years

The Academy's policy for asset capitalization threshold is $5,000. Assets or certain asset groups not meeting the capitalization threshold are not capitalized and are not included in the assets represented in the accompanying Statement of Net Position.

Intergovernmental Revenues **-** The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

The Academy also participates in various federal programs passed through the Ohio Department of Education, as well as a grant received from the Ohio Facilities Construction Commission.

Under the above programs the Academy recorded $4,028,096 this fiscal year from the Foundation Program and $332,660 from Federal and State grants and $127,186 from other Intergovernmental sources.

Net Position **-** Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net 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 MPA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Accrued Liabilities **-** Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. These liabilities consisted of Accounts Payable, Accrued Expenses, Accrued Wages and Benefits, and the Current Portion of Long-Term Debt totaling $1,073,196 at June 30, 2020. $87,825 of this amount related to liabilities of the blended component units.

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

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

Deferred Inflows and Deferred Outflows of Resources **-** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources include pension and OPEB. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position. (See Notes 8 and 9)

Pensions/Other Postemployment Benefits (OPEB) **-** For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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 - CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The following information classifies deposits by category of risk as defined in GASB Statement No.3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” as amended by GASB Statement No.40, “Deposit, and Investment Risk Disclosures”.

The Academy and its component units maintain its cash and investment balances at Huntington Bank, as well as, PNC Bank. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per qualifying account. The Academy also maintains a PEX card account that operates as a prepaid purchasing card. The book balance of the PEX account as of June 30, 2020 was $6,782.

At June 30, 2020, the book amount and bank balance of the Academy and its component units was as follows:

	Book	Bank Balance
School		
Huntington	$ 597,688	$ 604,249
PNC Bank	578,655	578,655
	1,176,343	1,182,904
Component Units		
PNC Bank	241,377	241,377
Total	$ 1,417,720	$ 1,424,281

$815,100 of the Academy’s book balance at June 30, 2020 was classified as “Restricted Cash” on the Statement of Net Position for capital improvement obligations.

The Academy had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2020, $682,904 of the bank balance was exposed to custodial credit risk.

NOTE 4 - RECEIVABLES

The Academy and its component units had an Accounts receivable totaling $445,385 at June 30, 2020 which related to remaining monies due to the Academy as of June 30, 2020, but not yet received including $2,632 due from the State of Ohio as a result of an FTE reconciliation for fiscal year 2020 (See Note 10).

Finally, the Academy had a $6,260,023 loan receivable from monies provided to West 53rd Holdings, LLC (a component unit) for the renovation and expansion of the new Academy facility located at 2149 West 53rd St. in Cleveland, Ohio. The Academy funded this loan with a portion of the proceeds received at closing from The Reinvestment Fund. The loan is not reflected on the Statement of Net Position as is was eliminated in consolidation of the various entities, however, it is shown in the statements provided in the Supplementary Information section of this report. There is no allowance for doubtful accounts consideration due to the relationship of the entities guaranteeing payment in return.

NOTE 5 - CAPITAL ASSETS

For the fiscal year ended June 30, 2020, capital assets consisted of the following:

	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Capital Assets:				
Land	$ 415,756	$ -	$ -	$ 415,756
Building	15,105,082	-	-	15,105,082
Site Improvements	1,060,507	-	-	1,060,507
Furniture, Fixtures, and Equipment	333,931	10,167	-	344,098
Computers & Software	255,403	-	-	255,403
Leasehold Improvements	82,714	-	-	82,714
Total Capital Assets	17,253,393	10,167	-	17,263,560
Less Accumulated Depreciation:				
Building	(569,200)	(426,119)	-	(995,319)
Site Improvements	(53,026)	(26,513)	-	(79,539)
Furniture, Fixtures, and Equipment	(170,131)	(58,155)	-	(228,286)
Computers & Software	(201,530)	(25,338)	-	(226,868)
Leasehold Improvements	(82,714)	-	-	(82,714)
Total Accumulated Depreciation	(1,076,601)	(536,125)	-	(1,612,726)
Total Capital Assets, Net	$ 16,176,792	$ (525,958)	$ -	$ 15,650,834

During fiscal year 2020, the component units recorded no additions to capital assets.

NOTE 6 – LOANS PAYABLE and LONG-TERM OBLIGATIONS

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

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020	Due within One Year
Post Employment Liability:					
Net Pension Liability:	$ 3,350,866	$ -	$ (56,484)	$ 3,294,382	$ -
Net OPEB Liability	238,621	7,906	-	246,527	-
Total Post Employment Liability	3,589,487	7,906	(56,484)	3,540,909	-
Direct Borrowings:					
TRF Leverage Loan A	5,609,039	-	(253,211)	5,355,828	268,835
CNMIF II (U), LLC	3,426,000	-	-	3,426,000	-
Component Unit	265,577	-	(155,177)	110,400	-
IFF	287,612	-	(53,586)	234,026	58,918
Advance Cleveland Development	1,446,736	-	(1,417,829)	28,907	28,907
Unamortized Debt Issuance Costs	(473,224)	-	42,615	(430,609)	-
PPP Loans	-	541,600	-	541,600	210,622
Total Loan Liabilities	10,561,740	541,600	(1,837,188)	9,266,152	567,282
Total Long-Term Obligations	$ 14,151,227	$ 549,506	$ (1,893,672)	$ 12,807,061	$ 567,282

The Reinvestment Fund Leverage Loans A & B

TRF (The Reinvestment Fund) Leverage Loan A in the amount of $5,750,000 (long-term) and TRF Leverage Loan B in the amount of $650,000 (short-term) was provided to the Academy in connection with the new Academy facility project. TRF Leverage Loan B was paid off in a prior fiscal year. The Academy in turn allocated a significant portion of these proceeds ($6,074,000) to West 53rd Holdings, LLC for use in the development and rehabilitation of the subject property (2149 West 53rd St, Cleveland, Ohio). See also Note 4 for description of the loan receivable.

Pursuant to the loan agreements entered into in October 2016, the TRF Leverage Loan A has a term of 7 years and bears and interest rate of 5.96%. The loan has a balloon payment due at maturity of $4,376,209.

CNMIF II (U), LLC Loan to West 53rd Holdings, LLC

The loan due to CNMIF II (U), LLC in the amount of $3,426,000 is an obligation of the component unit, West 53rd Holdings, LLC (See Supplementary Information to these financial statements). The loan has a term of 30 years and bears an interest rate of 3.8111%. Interest only payments are due quarterly until October 28, 2023 at which time a principal and interest payments will be due through the maturity date of October 2046.

Significant Terms of The Reinvestment Fund and CNMFF (U) LLC Loans

The lender has secured first priority assignment on the facility as collateral. Mandatory prepayment on the loan with the OFCC grant funds shall be made within 5 days of receipt by the borrower. The borrower shall maintain an operating reserve account with at least $200,000, subject to exclusive control by the lender as defined in the account agreements. Funds may only be used with the prior consent of the lender. The operating reserve account will be released to the borrower as of December 31, 2020 if enrollment exceeds 533 students and all other loan covenants have been met, meaning the school maintains debt service coverage ratio of at least 1.0, borrowers annual budget for fiscal year 2020 demonstrates a debt service coverage ratio of at least 1.2 to 1.0 and borrower has received notice from the Ohio Environmental Protection Agency of a “Covenant Not to Sue.”

The borrower will maintain a debt service coverage ratio of not less than 1.0 to 1.0 for all indebtedness. The ratio will be calculated by the lender based on financial information provided by the borrower. Borrower shall at times maintain at last 30 days cash on hand, a ratio of cash and equivalents to current liabilities of not less than .4 to 1, ratio of debt to equity of not more than 3.5 to 1, and a debt service ratio of not less than 1.2 to 1 for all indebtedness of the borrower calculated annually by the lender and lease coverage ratio of not less than 1.0 to 1.0 including account funds available in the operating reserve account. Annual financial statements on a GAAP basis audited by an independent certified accountant shall be provided within 150 days of fiscal year end. Quarterly reports are due within 45 days at the end of each quarter.

Defaults on the loan are defined as failure to make timely payments, failure to comply with or perform and of the affirmative covenants as described above, false representations from the borrower, appointment of a receiver, trustee or liquidator, denial of entry to inspect the facility held as collateral, bankruptcy or defective collateralization, material adverse change in financial condition, and cancelation of sublease agreement. To remedy the defaults the lender, at its option, may declare all principal and interest due immediately, impose the default interest rate, and enforce rights to the secured collateral. In addition, the lender may take over control of the cash and other proceeds and demand collection directly to them. As of June 30, 2020, the Academy is in compliance with all covenants and the Lender has waived the requirement for annual audited statements to be filed within 150 days of fiscal year end.

IFF

On October 28, 2016, the Lessor entered into a loan agreement (the “IFF Loan Agreement”) with IFF for $350,000 (the “IFF Loan”) The IFF Loan accrues interest at a rate of 6.375% per annum. Pursuant to the IFF Loan Agreement, interest-only payments on the IFF Loan are due quarterly, partially in arrears and partially in advance, on the 10th day of each March, June, September, and December commencing on December 10, 2016 through September 10, 2017. Commencing on December 10, 2017, and thereafter on the 10 day of each March, June, September, and December through September 10, 2023, payments of accrued and unpaid interest, partially in arrears and partially in advance, and principal in an amount equal to $17,664 are due and payable quarterly on the IFF Loan. All outstanding principal and any accrued and unpaid interest is due on the maturity date of September 30, 2023. Principal payments during the year totaled $53,586.

Defaults on the loan are defined as failing to make timely payments in 5 days within the due date, failure to perform non-monetary obligations within 30 days, bankruptcy proceedings, assignment for the benefit of creditors, loss of tax exempt status , making false or misleading statements to lender, material adverse change in financial condition, failure to perform with any other loan documents to secure and improve the facility, foreclosure proceedings, and facility no longer being used for intended purpose.

In the event of default under the loan, the lender has the option to declare the loan immediately due and payable. In addition, the lender may increase the interest rate up to 5 percent (5%) over the current interest rate. The borrower also agrees to not incur any additional indebtedness without the lenders prior written consent. The borrower may incur up to an amount not to exceed $100,000 of additional unsecured indebtedness without prior consent.

The lender has secured an interest in the facility as secure collateral.

Advance Cleveland Development Fund, LLC

On October 28, 2016, West 53rd Holdings entered into a Bridge loan agreement with Advance Cleveland Development Fund, LLC for a maximum amount of $3,100,000. The Bridge loan accrues interest at a rate of 6% per annum. Pursuant to the Bridge Loan Agreement, interest-only payments on the Bridge Loan are due quarterly in arrears on the last day of each March, June, September, and December commencing on December 31, 2016 through September 30, 2018. Principal payments are due on the earlier of (i) October 28, 2018 (the "Bridge Loan Maturity Date"); (ii) within two business days after the Lessor receives a capital contribution from Foss or the Lessee, in the amount of such capital contributions; (iii) within two business days after the Lessor receives an advance of loan proceeds from the Lessee pursuant to a certain promissory note, in the amount of such advance; and (iv) on December 1, 2017, to the extent the Lessor has not received additional State HTCs but solely from funds on deposit in the Collateral Account, as defined in the Bridge Loan Agreement. All outstanding principal and any accrued and unpaid interest is due on the Bridge Loan Maturity Date. As of December 31, 2019, $28,907 remained outstanding related to deferred interest payments and $1,417,829 principal payments had been made.

Unamortized Debt Issuance Costs

Debt issuance costs are being amortized to interest expense over the term of the loans. For the period from August 5, 2016 (inception) to December 31, 2017, the effective interest rate on the QLICI Loans, IFF Loan, and the Bridge Loan, including amortization of debt issuance costs, was 4.18%, 7.94% and 10.54%, respectively. For the period from August 5, 2016 (inception) to December 31, 2019, amortization of debt issuance costs for all notes payable was $146,447. The unamortized balance at year end was $430,609.

Component Unit

At year end, there was $110,400 of debt due to other component units. This amount represented debt payments made between the School and component units during the period of January through June 2020 that were not able to be eliminated as an intra-company transaction in the consolidated statement due to the School and component units having different fiscal year ends.

Future obligations under each of the long-term loans are as follows:

Year	TRF Leverage Loan A		CNMIF II, LLC		IFF		Adv. Clev.	Comp. Unit
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal
2021	$ 268,835	$ 312,153	$ -	$ 130,568	$ 58,918	$ 15,349	$ 28,907	$ -
2022	284,988	295,783	-	130,568	60,812	9,845	-	110,400
2023	302,357	278,414	-	130,568	64,782	5,875	-	-
2024	4,499,648	88,246	96,671	129,198	49,514	1,645	-	-
2025	-	-	100,408	125,460	-	-	-	-
2026-2030	-	-	563,356	565,987	-	-	-	-
2031-2035	-	-	681,000	448,341	-	-	-	-
2036-2040	-	-	823,215	306,127	-	-	-	-
2041-2045	-	-	995,125	134,215	-	-	-	-
2046	-	-	166,225	3,177	-	-	-	-
Total Payments	$ 5,355,828	$ 974,596	$ 3,426,000	$ 2,104,209	$ 234,026	$ 32,714	$ 28,907	$ 110,400

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed on March 27, 2020 in response to COVID-19. The Paycheck Protection Program (PPP) was formed as part of the CARES Act. The PPP allows certain companies to apply for aid through forgivable loans. The School entered into a note payable agreement with a bank under PPP. The unsecured note has a principal amount of $541,600 maturing on May 10, 2022, of which $210,622 is considered to be current. The Academy intends on submitting its application for complete loan forgiveness in the current fiscal year.

NOTE 7 - RISK MANAGEMENT

Property & Liability **-** MPA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance settlements did not exceed insurance coverage for the past three years, nor has there been a significant reduction in coverage from the prior year. For the fiscal year ended 2020, MPA contracted with Althans Insurance Agency and had the following insurance coverage:

Commercial General Liability per Occurrence	$1,000,000
Commercial General Liability Aggregate	2,000,000
Employee Benefits Liability	1,000,000
Employer's Liability	1,000,000
Employer's (OH Stop Gap) Liability	1,000,000
Automotive Liability - Non-owned Automobiles	1,000,000
Personal Property ($2,500 deductible)	150,000
Computer Equipment ($1,000 deductible)	115,000
Playground Equipment ($1,000 deductible)	23,300
Modular Classroom	20,000
Excess Liability Umbrella	5,000,000
Crime ($2,500 deductible)	250,000
Professional Educators Legal Liability ($1,000 deductible)	1,000,000
Sexual Abuse Liability each claim	1,000,000
Sexual Abuse Liability Aggregate	3,000,000
Directors and Officers Liability	1,000,000

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

Employee Medical and Dental Benefits **-** The Academy has contracted with a private carrier to provide employee medical and dental insurance to its full-time employees.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The Academy's contractually required contribution to SERS was $89,520 for fiscal year 2020.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The Academy's contractually required contribution to STRS was $210,902 for fiscal year 2020.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.00840270%	0.01305103%	
Proportion of the Net Pension Liability Current Measurement Date	0.00950280%	0.01232596%	
Change in Proportionate Share	0.00110010%	-0.00072507%	
Proportionate Share of the Net Pension Liability	$ 568,569	$ 2,725,813	$ 3,294,382
Pension Expense	$ 128,844	$ 464,816	$ 593,660

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

At June 30, 2020 the Academy 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	$ 14,418	$ 22,195	$ 36,613
Changes of assumptions	-	320,198	320,198
Changes in proportion and differences between contributions and proportionate share of contributions	62,452	180,792	243,244
Academy contributions subsequent to the measurement date	89,520	210,902	300,422
Total Deferred Outflows of Resources	$ 166,390	$ 734,087	$ 900,477
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 11,799	$ 11,799
Net difference between projected and actual earnings on pension plan investments	7,299	133,222	140,521
Changes in proportion and differences between contributions and proportionate share of contributions	-	197,878	197,878
Total Deferred Inflows of Resources	$ 7,299	$ 342,899	$ 350,198

$300,422 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 66,751	$ 203,609	$ 270,360
2022	(835)	(2,173)	(3,008)
2023	(484)	(9,665)	(10,149)
2024	4,139	(11,485)	(7,346)
Total	$ 69,571	$ 180,286	$ 249,857

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

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

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

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

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

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Academy's proportionate share of the net pension liability	$ 796,769	$ 568,569	$ 377,195

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net pension liability	$ 3,983,471	$ 2,725,813	$ 1,661,140

NOTE 9 - DEFINED BENEFIT OPEB PLANS

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the Academy's surcharge obligation was $7,051, which is reported as an accrued expense.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.00860120%	0.01305103%	
Proportion of the Net OPEB Liability/asset			
Current Measurement Date	0.00980310%	0.01232596%	
Change in Proportionate Share	0.00120190%	-0.00072507%	
Proportionate Share of the Net OPEB			
Liability/(asset)	$ 246,527	$ (204,148)	$ 42,379
OPEB Expense	$ 25,355	$ (63,209)	$ (37,854)

At June 30, 2020, the Academy 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	$ 3,618	$ 18,507	$ 22,125
Changes of assumptions	18,006	4,291	22,297
Net difference between projected and actual earnings on OPEB plan investments	593	-	593
Changes in proportion and differences between contributions and proportionate share of contributions	81,638	29,493	111,131
Academy contributions subsequent to the measurement date	7,051	-	7,051
Total Deferred Outflows of Resources	$ 110,906	$ 52,291	$ 163,197
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 54,161	$ 10,387	$ 64,548
Changes of assumptions	13,815	223,822	237,637
Net difference between projected and actual earnings on OPEB plan investments	-	12,820	12,820
Changes in proportion and differences between contributions and proportionate share of contributions	-	26,762	26,762
Total Deferred Inflows of Resources	$ 67,976	$ 273,791	$ 341,767

$7,051 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 4,281	$ (49,436)	$ (45,155)
2022	9,447	(49,435)	(39,988)
2023	9,620	(44,295)	(34,675)
2024	9,589	(42,492)	(32,903)
2025	3,351	(35,730)	(32,379)
Thereafter	(409)	(112)	(521)
Total	$ 35,879	$ (221,500)	$ (185,621)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Academy's proportionate share of the net OPEB liability	$ 197,518	$ 246,527	$ 311,550

	1% Decrease (6.25 % decreasing to 3.75%)	Current Trend Rate (7.25 % decreasing to 4.75%)	1% Increase (8.25 % decreasing to 5.75%)
Academy's proportionate share of the net OPEB liability	$ 299,237	$ 246,527	$ 204,617

Actuarial Assumptions – STRS

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

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

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

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

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

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Academy's proportionate share of the net OPEB asset	$ 169,761	$ 204,148	$ 221,854

	1% Decrease (3.13%)	Current Trend Rate (4.13%)	1% Increase (5.13%)
Academy's proportionate share of the net OPEB asset	$ 220,512	$ 204,148	$ 175,270

NOTE 10 - CONTINGENCIES

Grants **-** The Academy received financial assistance from federal and state agencies in the form of grants. Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the Academy, any such adjustments will not have a material adverse effect on the financial position of the Academy.

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

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did not perform a review on the Academy for fiscal year 2020.

As of the date of this report, all ODE adjustments for fiscal year 2020 are finalized.

In addition, the Academy's contract with their Sponsor require payment based on revenues received from the State. As discussed above, all FTE adjustments for fiscal year 2020 are finalized. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

NOTE 11 - PURCHASED SERVICES

For the period of July 1, 2019 through June 30, 2020, the Academy made the following purchased services commitments.

Purchased Services	Amount
Professional Services	$ 549,476
Property Services	208,564
Utilities	97,250
Travel & Meetings	11,645
Communications	133,404
Contractual Trade	117,161
Pupil Transportation	41,847
Total	$ 1,159,347

NOTE 12 - LEASE OBLIGATIONS

On October 28, 2016, the Academy entered into a sublease with the West 53rd Master Tenant for the sublease of the Building from the Lessor (West 53rd Holdings, LLC) (the “Sublease”). Under the terms of the Sublease, the Academy agreed to pay the Lessee annual rent as set forth in the Sublease for a term of 15 years beginning on the Commencement Date, as defined in the Sublease (prorated for any partial year). The building was placed into service on August 17, 2017 (the “Commencement Date”).

Rent expense for 2020 totaled $787,304, of which certain amounts are eliminated in the blending of the component units.

Future minimum lease payments are as follows:

	Amount
FY2021	$ 795,099
FY2022	811,011
FY2023	827,222
FY2024	843,766
FY2025	860,641
FY26-FY30	4,568,387
FY31-FY32	2,546,049
Total	$ 11,252,175

NOTE 13 - IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

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

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

NOTE 14 – SUBSEQUENT EVENT

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

Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.0095028%	0.0084027%	0.0067112%	0.0061120%	0.0092101%	0.008302%	0.008302%
Academy's Proportionate Share of the Net Pension Liability	$ 568,569	$ 481,238	$ 400,979	$ 447,357	$ 525,537	$ 420,159	$ 493,693
Academy's Covered Payroll	$ 326,000	$ 283,126	$ 212,314	$ 309,686	$ 277,276	$ 243,449	$ 251,243
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.41%	169.97%	188.86%	144.46%	189.54%	172.59%	196.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014
Academy's Proportion of the Net Pension Liability	0.01232596%	0.001305103%	0.0120579%	0.0127969%	0.0115296%	0.010697%	0.010697%
Academy's Proportionate Share of the Net Pension Liability	$ 2,725,813	$ 2,869,628	$ 2,864,387	$ 4,283,515	$ 3,186,430	$ 2,601,791	$ 3,099,236
Academy's Covered Payroll	$ 1,447,114	$ 1,483,671	$ 1,325,621	$ 1,273,593	$ 1,202,914	$ 1,176,969	$ 890,423
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.36%	193.41%	216.08%	336.33%	264.89%	221.06%	348.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of Academy Contributions - Pension
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 89,520	$ 44,010	$ 38,222	$ 29,724	$ 43,356	$ 36,545	$ 33,742	$ 34,772	$ 23,097	$ 11,706
Contributions in Relation to the Contractually Required Contribution	(89,520)	(44,010)	(38,222)	(29,724)	(43,356)	(36,545)	(33,742)	(34,772)	(23,097)	(11,706)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 639,429	$ 326,000	$ 283,126	$ 212,314	$ 309,686	$ 277,276	$ 243,449	$ 251,243	$ 171,725	$ 93,126
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of Academy Contributions - Pension
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 210,902	$ 202,596	$ 207,714	$ 185,587	$ 178,303	$ 168,408	$ 153,006	$ 115,755	$ 92,691	$ 78,332
Contributions in Relation to the Contractually Required Contribution	(210,902)	(202,596)	(207,714)	(185,587)	(178,303)	(168,408)	(153,006)	(115,755)	(92,691)	(78,332)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 1,506,443	$ 1,447,114	$ 1,483,671	$ 1,325,621	$ 1,273,593	$ 1,202,914	$ 1,176,969	$ 890,423	$ 713,008	$ 602,554
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability	0.0098031%	0.0086012%	0.0062458%	0.0059486%
Academy's Proportionate Share of the Net OPEB Liability	$ 246,527	$ 238,621	$ 167,621	$ 169,557
Academy's Covered Payroll	$ 326,000	$ 283,126	$ 212,314	$ 309,686
Academy's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	75.62%	84.28%	78.95%	54.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of the Academy's Proportionate Share of the Net OPEB Asset/Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
Academy's Proportion of the Net OPEB Liability/Asset	0.01232596%	0.01305103%	0.01205793%	0.01279692%
Academy's Proportionate Share of the Net OPEB Liability/(Asset)	$ (204,148)	$ (209,717)	$ 470,456	$ 684,383
Academy's Covered Payroll	$ 1,447,114	$ 1,483,671	$ 1,325,621	$ 1,273,593
Academy's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.11%	-14.14%	35.49%	53.74%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of Academy Contributions - OPEB
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution (1)	$ 7,051	$ 7,916	$ 6,403	$ 4,061	$ 1,957	$ 303	$ 1,833	$ 1,921	$ 2,491	$ 2,214
Contributions in Relation to the Contractually Required Contribution	(7,051)	(7,916)	(6,403)	(4,061)	(1,957)	(303)	(1,833)	(1,921)	(2,491)	(2,214)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 639,429	$ 326,000	$ 283,126	$ 212,314	$ 309,686	$ 277,276	$ 243,449	$ 251,243	$ 171,725	$ 93,126
OPEB Contributions as a Percentage of Covered Payroll (1)	1.10%	2.43%	2.26%	1.91%	0.63%	0.11%	0.75%	0.76%	1.45%	2.38%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

Required Supplementary Information
Schedule of Academy Contributions - OPEB
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,770	$ 8,904	$ 7,130	$ 6,026
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	(11,770)	(8,904)	(7,130)	(6,026)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Academy Covered Payroll	$ 1,506,443	$ 1,447,114	$ 1,483,671	$ 1,325,621	$ 1,273,593	$ 1,202,914	$ 1,176,969	$ 890,423	$ 713,008	$ 602,554
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

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

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

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

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

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

Pre-Medicare

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

Medicare

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

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Combining Statement of Net Position

Assets:	Menlo Park Academy 6/30/2020	West 53rd Holdings, LLC 12/31/2019	West 53rd Master Tenant, LLC 12/31/2019	TAE Manager, LLC 12/31/2019	Eliminations	Total
Current Assets:						
Cash and Cash Equivalents	$ 594,887	$ 4,178	$ 10,332	$ 5	$ -	$ 609,402
Restricted Cash	588,233	226,867	-	-	-	815,100
Investments in Related Entities	-	-	222,650	2,582,937	(2,805,587)	-
Accounts Receivable	154,690	37,692	289,677	3,827	(40,501)	445,385
Loans Receivable	6,260,023	-	1,898,564	283,313	(8,441,900)	-
Other Assets	-	3,939	-	-	-	3,939
Total Current Assets	7,597,833	272,676	2,421,223	2,870,082	(11,287,988)	1,873,826
Noncurrent Assets:						
Invested in Component Units	3,165,228	-	-	-	(3,165,228)	-
OPEB Asset	204,148	-	-	-	-	204,148
Land	-	415,756	-	-	-	415,756
Capital Assets, net of	212,580	15,022,498	-	-	-	15,235,078
Accumulated Depreciation	3,581,956	15,438,254	-	-	(3,165,228)	15,854,982
Total Assets	11,179,789	15,710,930	2,421,223	2,870,082	(14,453,216)	17,728,808
Deferred Outflows of Resources	1,063,674	-	-	-	-	1,063,674
Liabilities:						
Current Liabilities:						
Accounts Payable	168,206	4,450	-	-	-	172,656
Accrued Wages and Benefits	232,165	-	-	-	-	232,165
Accrued Expenses	86,479	41,445	16,692	-	(43,523)	101,093
Current Poriton of Long-Term Debt	479,457	87,825		-	-	567,282
Total Current Liabilities	966,307	133,720	16,692	-	(43,523)	1,073,196
Noncurrent Liabilities:						
Net Pension and OPEB Liability	3,540,909	-	-	-	-	3,540,909
Noncurrent Portion of Long-term Debt	5,417,971	11,426,376	-	296,423	(8,441,900)	8,698,870
Total Noncurrent Liabilities	8,958,880	11,426,376	-	296,423	(8,441,900)	12,239,779
Total Liabilities	9,925,187	11,560,096	16,692	296,423	(8,485,423)	13,312,975
Deferred Inflows of Resources	691,965	-	-	-	-	691,965
Net Position/ Equity:						
Net Investment in Capital Assets	820,352	3,924,053	1,898,564	283,313.00	-	6,926,282
Unrestricted Net Position	805,959	226,781	505,967	2,290,346	(5,967,793)	(2,138,740)
Total Net Position	$ 1,626,311	$ 4,150,834	$ 2,404,531	$ 2,573,659	$ (5,967,793)	$ 4,787,542

See Accompanying Notes to the Basic Financial Statements

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Combining Statement of Revenues, Expenses, and Changes in Net Position

	Menlo Park Academy 6/30/2020	West 53rd Holdings, LLC 12/31/2019	West 53rd Master Tenant, LLC 12/31/2019	TAE Manager, LLC 12/31/2019	Eliminations	Total
Operating Revenues:						
State Sources	$ 4,028,096	$ -	$ -	$ -	$ -	$ 4,028,096
Lease Income	-	765,000	877,433	-	(1,552,304)	90,129
Other Revenues	456,647	-	-	-		456,647
Total Operating Revenues	4,484,743	765,000	877,433	-	(1,552,304)	4,574,872
Operating Expenses:						
Salaries and Benefits	3,159,634	-	-	-	-	3,159,634
Rent	787,304	-	765,000	-	(1,552,304)	-
Purchased Services	1,107,576	44,573	5,600	1,600	(2)	1,159,347
Supplies	161,851	-	-	-	-	161,851
Depreciation and Amortization	53,380	482,745	-	-	-	536,125
Other Operating Expenses	93,091	71,210	343	248,562	-	413,206
Total Operating Expenses	5,362,836	598,528	770,943	250,162	(1,552,306)	5,430,163
Operating Income (Loss)	(878,093)	166,472	106,490	(250,162)	2	(855,291)
Non-Operating Revenues and Expenses:						
Federal and Intergovernmental Revenues	459,846	-	-	-	-	459,846
Contributions and Donations	154,186	-	1,446,738	-	-	1,600,924
Equity in Net Loss from Investments	-		(28,916)	(115,233)	285,661	141,512
Interest Income	362,963	443	6,260	-	(369,223)	443
Interest Expense	(327,560)	(456,071)	-	-	352,962	(430,669)
Total Non-Operating Revenues and Expenses	649,435	(455,628)	1,424,082	(115,233)	269,400	1,772,056
Change in Net Position	(228,658)	(289,156)	1,530,572	(365,395)	269,402	916,765
Net Position, Beginning of Year	1,854,969	4,439,990	873,959	2,939,054	(6,237,195)	3,870,777
Net Position, End of Year	$ 1,626,311	$ 4,150,834	$ 2,404,531	$ 2,573,659	$ (5,967,793)	$ 4,787,542

See Accompanying Notes to the Basic Financial Statements

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Combining Statement of Cash Flows

	Menlo Park Academy 6/30/2020	West 53rd Holdings, LLC 12/31/2019	West 53rd Master Tenant, LLC 12/31/2019	TAE Manager, LLC 12/31/2019	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
State Aid Receipts	$ 4,028,096	$ -	$ -	$ -	$ -	$ 4,028,096
Lease Income	-	765,000	877,433	-	(1,552,304)	90,129
Other Operating Receipts	456,647	-	-	-	-	456,647
Cash Payments for Asset Management Fees	-	(60,000)	-	-	-	(60,000)
Cash Payments to Suppliers for Goods and Services	(1,926,534)	(433,356)	(735,217)	-	1,282,904	(1,812,203)
Cash Payments to Employees for Services	(2,233,441)	-	-	-	-	(2,233,441)
Cash Payments for Employee Benefits	(677,860)	-	-	-	-	(677,860)
Net Cash Used For Operating Activities	(353,092)	271,644	142,216	-	(269,400)	(208,632)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Contributions and Donations Receipts	154,186	-	1,446,738	-	-	1,600,924
Intergovernmental Revenues	127,186	-	-	-	-	127,186
Equity in Net Loss from Investments	-	(28,916)	(115,233)	-	285,661	141,512
PPP Loan Proceeds	541,600	-	-	-	-	541,600
Federal and State Restricted Grant Receipts	438,552	-	-	-	-	438,552
Net Cash Provided By Noncapital Financing Activities	1,261,524	(28,916)	1,331,505	-	285,661	2,849,774
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Cash Payments for Capital Assets	(10,167)	-	-	-	-	(10,167)
Principal Payments Made on Loans	(408,388)	-	(1,471,415)			(1,879,803)
Cash Received from Interest Income	362,963	443	6,260	-	(369,223)	443
Cash Payments for Interest Expense	(327,560)	(498,686)	-	-	352,962	(473,284)
Net Cash Provided By Capital and Related Financing Activities	(383,152)	(498,243)	(1,465,155)	-	(16,261)	(2,362,811)
Net Increase (Decrease) in Cash and Cash Equivalents	525,280	(255,515)	8,566	-	-	278,331
Cash and Cash Equivalents - Beginning of the Year	657,840	486,560	1,766	5	-	1,146,171
Cash and Cash Equivalents - End of the Year	$ 1,183,120	$ 231,045	$ 10,332	$ 5	$ -	$ 1,424,502

MENLO PARK ACADEMY - CUYAHOGA COUNTY, OHIO
Combining Statement of Cash Flows

	Menlo Park Academy 6/30/2020	West 53rd Holdings, LLC 12/31/2019	West 53rd Master Tenant, LLC 12/31/2019	TAE Manager, LLC 12/31/2019	Eliminations	Total
Reconciliation of Operating Income to Net Cash Used For Operating Activities						
Operating Income	$ (878,093)	$ 166,472	$ 106,490	$ (250,162)	$ 2	$ (855,291)
Adjustments to Reconcile Operating Income to Net Cash Used For Operating Activities:						
Depreciation	53,380	482,745	-	-	-	536,125
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:						
(Increase)/Decrease in Receivables	366,337	(127,368)	246,303	143,112	(749,118)	(120,734)
(Increase)/ Decrease in Deferred Outflows	339,944	-	-	-	-	339,944
(Increase)/ Decrease in OPEB Asset	5,569					5,569
Increase/ (Decrease) in Deferred Inflows	(48,602)	-	-	-	-	(48,602)
Increase/ (Decrease) in Net Pension Liability	(56,484)	-	-	-	-	(56,484)
(Increase)/Decrease in Other Assets	24,095	237	-	107,050	-	131,382
Increase/(Decrease) in Accounts Payable, Trade	(42,298)	(1,200)	-	-	-	(43,498)
Increase/(Decrease) in Accrued Expenses & Wages and Benefits	(124,846)	(249,242)	(210,577)	-	479,716	(104,949)
Increase/(Decrease) in Net OPEB Liability	7,906	-	-	-	-	7,906
Net Cash Used For Operating Activities	$ (353,092)	$ 271,644	$ 142,216	$ -	$ (269,400)	$ (208,632)

See Accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

December 12, 2020

To the Board of Directors
Menlo Park Academy
3149 West 53rd Street
Cleveland, OH 44102

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

We have audited the financial statements of the Menlo Park Academy, Cuyahoga County, Ohio (the "School") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 12, 2020, in which we referred to the financial impact of COVID-19 and the ensuing emergency measures that will impact future periods.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The financial statements of West 53rd Holdings, LLC, TAE Manager, LLC, and West 53rd Master Tenant, LLC were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with West 53rd Holdings, LLC, TAE Manager, LLC, and West 53rd Master Tenant, LLC.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Medina, Ohio

OHIO AUDITOR OF STATE
KEITH FABER

MENLO PARK ACADEMY

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/4/2021

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