MOUND STREET ACADEMIES
MONTGOMERY COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2020

James G. Zupka, CPA, Inc.
Certified Public Accountants

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

Members of the Board
Mound Street Academies
354 Mound Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditor's Report* of the Mound Street Academies, Montgomery County, prepared by James G. Zupka, CPA, 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 Mound Street Academies is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 08, 2021

This page intentionally left blank.

MOUND STREET ACADEMIES
MONTGOMERY COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

This page intentionally left blank.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board
Mound Street Academies
Dayton, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Mound Street Academies, Montgomery County, Ohio, (the Academies) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academies' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Academies' 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 Academies' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, the Academies closed on June 30, 2020. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020, on our consideration of the Academies' 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 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 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 Academies' internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

December 10, 2020

This page intentionally left blank.

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

Financial Highlights

- Total net position decreased $525,831 in fiscal year 2020, which represents a 92% decrease from the prior year.
- Total assets decreased $680,607 which represents a 23% decrease from the prior year.
- Total operating revenue for fiscal year 2020 in the amount of $1,249,448 was $92,839 less than the operating revenue reported for fiscal year 2019.
- The non-operating revenue for fiscal year 2020 in the amount of $683,881 was $63,902 less than the non-operating revenue reported for fiscal year 2019.

Using this Annual Financial Report

This financial report contains the basic financial statements of the Academies, as well as the management's discussion and analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the Academies reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity-wide and the fund presentation are the same.

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

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

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

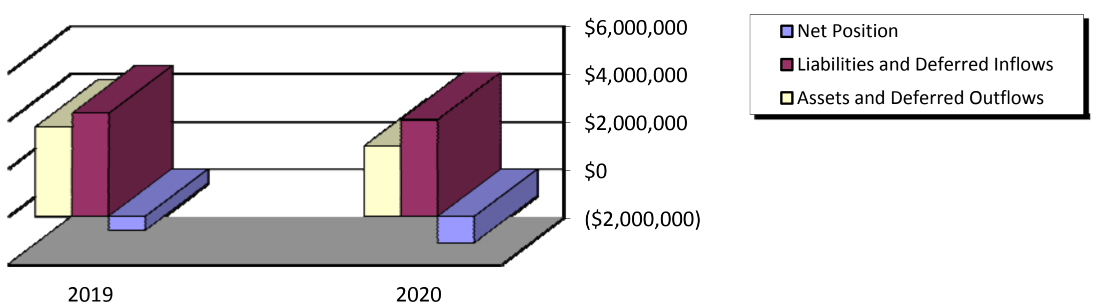
These statements report the Academies' net position, however, in evaluating the overall position and financial viability of the Academies, non-financial information such as the condition of the Academies' building and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

The Academies as a Whole

As stated previously, the statement of net position provides the perspective of the Academies as a whole. Table 1 provides a summary of the Academies' net position for 2020 compared to 2019.

Table 1
Net Position

	Governmental Activities	
	2020	2019
Assets:		
Current Assets	$1,796,473	$2,463,036
Net OPEB Asset	142,643	136,208
Capital Assets	390,564	411,043
Total Assets	2,329,680	3,010,287
Deferred Outflows of Resources:		
OPEB	67,498	26,547
Pension	539,156	701,105
Total Deferred Outflows of Resources	606,654	727,652
Liabilities:		
Other Liabilities	188,096	182,114
Long-Term Liabilities	3,093,929	2,937,979
Total Liabilities	3,282,025	3,120,093
Deferred Inflows of Resources:		
OPEB	342,769	357,474
Pension	411,496	834,497
Total Deferred Inflows of Resources	754,265	1,191,971
Net Position:		
Investment in Capital Assets	390,564	411,043
Restricted	995,078	1,049,877
Unrestricted	(2,485,598)	(2,035,045)
Total Net Position	($1,099,956)	($574,125)



Total net position of the Academies decreased by $525,831. The decrease in total net position from fiscal year 2019 is primarily a result of the changes related to net pension liability and net OPEB liability. Total assets decreased $680,607. Deferred outflows of resources decreased $120,998 and deferred inflows of resources decreased $437,706. Total liabilities increased $161,932 primarily due to an increase in net pension liability when compared to 2019.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2020 and 2019.

Table 2
Changes in Net Position

	Fiscal Year	
	2020	2019
Operating Revenues:		
Sales	$2,109	$2,796
Foundation Revenue	1,162,183	1,237,838
Other Revenues	85,156	101,653
Total Operating Revenues	1,249,448	1,342,287
Operating Expenses:		
Salaries	1,394,583	1,372,713
Fringe Benefits	276,388	(307,288)
Purchased Services	715,067	719,254
Materials and Supplies	52,643	22,512
Depreciation	20,479	21,412
Other Expenses	0	34,385
Total Operating Expenses	2,459,160	1,862,988
Operating Loss	(1,209,712)	(520,701)
Non-Operating Revenues (Expenses):		
Investment Earnings	29,860	57,551
State and Federal Grants	654,021	562,428
Total Non-Operating Revenues (Expenses)	683,881	619,979
Change in Net Position	(525,831)	99,278
Net Position (Deficit) - Beginning of Year	(574,125)	(673,403)
Net Position (Deficit) - End of Year	($1,099,956)	($574,125)

Total operating revenues decreased due to a decrease in all operating revenues between fiscal years. Total operating expenses increased due to changes related to net pension liability and net OPEB liability.

Capital Assets

At the end of fiscal 2020, the Academies had $390,564 invested in land, buildings and improvements and furniture and equipment. Table 3 shows fiscal 2020 balances compared to fiscal 2019:

Table 3

Capital Assets at Year End
(Net of Depreciation)

	Capital Assets	
	2020	2019
Land	$19,546	$19,546
Buildings and Improvements	332,977	346,862
Furniture and Equipment	38,041	44,635
Total Net Capital Assets	$390,564	$411,043

See Note 5 of the notes to the basic financial statements for more detailed information on the Academies' capital assets.

Debt

At June 30, 2020, the Academies did not have any outstanding debt obligations. For information regarding other long-term obligations, please see Note 10 of the notes to the basic financial statements.

Contacting the Academies

This financial report is designed to provide a general overview of the finances of Mound Street Academies and to show the Academies' accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Mound Street Academies Attn: Treasurer, 354 Mound Street Dayton, Ohio 45402, (937) 223-3041.

This Space Intentionally Left Blank

Mound Street Academies
Statement of Net Position
June 30, 2020

Assets:	
Current Assets:	
Equity in Pooled Cash and Investments	$1,753,925
Receivables:	
Intergovernmental	42,548
Total Current Assets	1,796,473
Noncurrent Assets:	
Nondepreciable Capital Assets	19,546
Depreciable Capital Assets, Net	371,018
Net OPEB Asset	142,643
Total Noncurrent Assets	533,207
Total Assets	2,329,680
Deferred Outflows of Resources:	
Pension	539,156
OPEB	67,498
Total Deferred Outflows of Resources	606,654
Liabilities:	
Current Liabilities:	
Accounts Payable	15,601
Accrued Wages and Benefits	172,495
Total Current Liabilities	188,096
Long-Term Liabilities:	
Compensated Absences	71,867
Net Pension Liability	2,703,576
Net OPEB Liability	318,486
Total Long-Term Liabilities	3,093,929
Total Liabilities	3,282,025
Deferred Inflows of Resources:	
OPEB	342,769
Pension	411,496
Total Deferred Inflows of Resources	754,265
Net Position:	
Investment in Capital Assets	390,564
Restricted	995,078
Unrestricted (deficit)	(2,485,598)
Total Net Position (deficit)	($1,099,956)

See accompanying notes to the basic financial statements.

Mound Street Academies
Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

Operating Revenues:	
Sales	$2,109
Foundation Revenue	1,162,183
Other Revenues	85,156
Total Operating Revenues	1,249,448
Operating Expenses:	
Salaries	1,394,583
Fringe Benefits	276,388
Purchased Services	715,067
Materials and Supplies	52,643
Depreciation	20,479
Total Operating Expenses	2,459,160
Operating Loss	(1,209,712)
Non-Operating Revenues:	
Investment Earnings	29,860
State and Federal Grants	654,021
Total Non-Operating Revenues	683,881
Change in Net Position	(525,831)
Net Position (deficit) - Beginning of Year	(574,125)
Net Position (deficit) - End of Year	($1,099,956)

See accompanying notes to the basic financial statements.

Mound Street Academies
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2020

Cash Flows from Operating Activities:	
Cash Received from State Foundation	$1,183,122
Cash Received from Other Operating Revenue	148,008
Cash Payments to Employees for Salaries and Benefits	(1,900,938)
Cash Payments for Materials, Supplies and Other Services	(731,127)
Cash Payments for Other Expenses	(20,280)
Net Cash Used in Operating Activities	(1,321,215)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	734,764
Net Cash Provided by Noncapital Financing Activities	734,764
Cash Flows from Investing Activities:	
Earnings on Investments	15,435
Net Cash Provided by Cash Flows from Investing Activities	15,435
Net Decrease in Cash and Cash Equivalents	(571,016)
Cash and Cash Equivalents - Beginning of Year	2,324,941
Cash and Cash Equivalents - End of Year	1,753,925
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	(1,209,712)
Adjustments:	
Depreciation	20,479
Changes in Assets & Liabilities and Deferred Inflows & Outflows of resources	
(Increase) Decrease in Receivables	29,229
(Increase) Decrease in Deferred Outflows of Resources - Pension	161,949
(Increase) Decrease in Deferred Outflows of Resources - OPEB	(40,951)
Increase (Decrease) in Accrued Liabilities	(3,368)
Increase (Decrease) in Payables	15,036
Increase (Decrease) in Deferred Inflows of Resources - Pension	(423,001)
Increase (Decrease) in Net Pension Liability	162,554
Increase (Decrease) in Deferred Inflows of Resources - OPEB	(14,705)
(Increase) Decrease in Net OPEB Asset	(6,435)
Increase (Decrease) in Net OPEB Liability	(12,290)
Net Cash Used in Operating Activities	($1,321,215)

Schedule of Noncash Capital Activities:

During the fiscal year, these amounts were received representing noncash contributions of:	
Intergovernmental Receivables	$42,548

See accompanying notes to the basic financial statements.

Note 1 – Description of the Academies and Reporting Entity

Mound Street Academies ("the Academies") is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The Academies, which is part of the State's education program, is independent of any school district. The Academies may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academies.

The Academies was approved for operation under contract with St. Aloysius Orphanage (Sponsor) as of July 1, 2018. The Academies operates under a self-appointing seven-member Board of Trustees (the Board). The Academies' Code of Regulations specifies that vacancies that arise on the Board be filled by the appointment of a successor trustee by a majority vote of the then existing trustees. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which includes, but is not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Academies has one instructional/support facility staffed by 1 superintendent, 1 principal, 13 certified teaching personnel, 8 non-certified support personnel and 1 academic coach who provide services to an enrollment of 154.70 full time equivalent students.

Note 2 – Summary of Significant Accounting Policies

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

The more significant of the Academies' accounting policies are described below.

Basis of Presentation

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

Measurement Focus and Basis of Accounting

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

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

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

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 prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Each year, the School Board of Directors, with the assistance of the School's designated fiscal officer, is required to adopt an annual budget by the thirty-first day of October using the format and guidelines prescribed by the Ohio Department of Education (ODE).

Equity in Pooled Cash and Investments

All monies received by the Academies are maintained in demand deposit accounts, a savings account, and investments. For internal accounting purposes, the Academies segregates its cash using fund accounting.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Academies are considered to be cash equivalents.

Following Ohio statutes, the Board of Trustees has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2020 amounted to $29,860.

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 future periods and will not be recognized as an outflow of resources (expense) until then. For the Academies, deferred outflows of resources include pension and OPEB. These amounts are reported on the statement of net position. The deferred outflows of resources related to pension, and OPEB plans are explained in Notes 7 and 8.

In addition to liabilities, the statements of financial position report a separate section of deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources related to pension and OPEB plans are reported on statement of net position. For more pension, and OPEB related information, see Notes 7 and 8.

Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The Academies maintains a capitalization threshold of $5,000. The Academies does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. Depreciation is computed using the straight-line method over estimated useful lives as follows: building and improvements - 30 to 50 years, furniture and equipment - 4 to 20 years, and vehicles - 6 to 8 years.

Intergovernmental Revenues

The Academies currently participates in the State Foundation Program and various grants awarded through state and federal programs. These programs include Title I, Title II-A, Title IV-A, Part B-IDEA, and Children's nutrition cluster. The State Foundation Program and certain other state grants are recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year. Most other federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Revenues under state and federal grant or entitlement programs for the 2020 school year totaled $1,816,204.

Accrued Liabilities Payable

The Academies has recognized certain liabilities on its statement of Net Position relating to expenses, which are due but unpaid as of June 30, 2020 including:

Accrued wages and benefits payable – payments for salary, health benefits, SERS and STRS contributions, Medicare deductions, SERS' surcharge and workers' compensation made after year-end for services rendered in fiscal year 2020. Teaching personnel are paid in 26 equal installments, ending with the first payroll in August, for services rendered during the previous school year. Therefore, a liability has been recognized at June 30, 2020 for the salary payments made to personnel after June 30, 2020 related to fiscal year 2020. A liability has also been recognized for health care payments made after year end for payroll services earned as of June 30, 2020.

Pensions/Other Postemployment Benefits (OPEB)

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

Compensated Absences

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Academies has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Academies' termination policy. The Academies records a liability for accumulated unused sick leave for all employees after 10 years of current service with the Academies.

The entire compensated absences liability is reported on the basic financial statements.

The Academies does not record a liability for personal and vacation leave because its policy is not to pay out accumulated personal and vacation leave balances upon termination of employment.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academies applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

As of June 30, 2020, of the Academies' $995,078 in restricted net position, none was restricted by enabling legislation.

Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the Academies' primary mission as well as other charges for services and other operating revenues. For the Academies, operating revenues include revenues paid through the State Foundation Program as well as other operating revenues. Operating expenses are necessary costs incurred to support the Academies' primary mission, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the Academies' primary mission. Various state and federal grants, as well as interest revenue, comprise the non-operating revenues of the Academies. The Academies had no non-operating expenses for fiscal year 2020.

Federal Tax Exemption Status

The Academies is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code.

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.

Note 3 – Sponsorship and Service Contract Fees

In fiscal year 2020, payments were made by the Mound Street Academies to the Shared Resource Center totaling $108,118. These represent payments for fiscal services provided by the Shared Resource Center to the Mound Street Academies.

The Mound Street Academies contracted with St. Aloysius Orphanage (SAO) as its sponsor for one year effective July 1, 2018. SAO was paid three percent (3%) for the fiscal year ended June 30, 2020, of all foundation funds received by the Academies from the State of Ohio. Total fees for fiscal year 2020 were $43,614. The Sponsor provides oversight, monitoring, and technical assistance for the Academies.

Note 4 – Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Academies will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, $1,515,668 of the Academies' bank balance of $1,765,668 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2020, the Academies had no investments.

Note 5 – Capital Assets

A summary of the Academies' capital assets at June 30, 2020, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated:				
Land	$19,546	$0	$0	$19,546
Capital Assets, being depreciated:				
Buildings and Improvements	536,672	0	0	536,672
Furniture and Equipment	219,272	0	0	219,272
Vehicles	22,305	0	0	22,305
Totals at Historical Cost	797,795	0	0	797,795
Less Accumulated Depreciation:				
Buildings and Improvements	189,810	13,885	0	203,695
Furniture and Equipment	174,637	6,594	0	181,231
Vehicles	22,305	0	0	22,305
Total Accumulated Depreciation	386,752	20,479	0	407,231
Capital Assets, Net	$411,043	($20,479)	$0	$390,564

Note 6 – Risk Management

Property and liability – The Academies is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the Academies contracted with Cincinnati Insurance Company for business personal property, director and officer liability, auto, and general liability insurance. Auto coverage for comprehensive and collision has a $1,000,000 limit. General liability coverage provides $1,000,000 per occurrence and $2,000,000 in the aggregate with no deductible. The Cincinnati Insurance Company also provides umbrella liability coverage of $4,000,000 per occurrence, as well as, in the aggregate.

There has been no reduction in coverage from the prior year and settled claims have not exceeded the Academies' coverage in any of the past three years.
Employee insurance benefits – The Academies offers health and dental insurance benefits to employees of whom the Academies pays 80 percent and the employee pays 20 percent of the premiums. The Academies also offers life insurance to its employees of which it pays 100 percent of the premiums. Health and life insurance benefits are administered by Anthem. Dental insurance benefits are administered by Superior. The Academies also adopted a Health Savings Account Lumenos Option 3 medical plan.

Note 7 - 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) represent the employer's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB 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 these estimates annually.

Ohio Revised Code limits the employer's obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the employer 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 funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system'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) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 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 employer 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. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was $48,679 for fiscal year 2020. Of this amount $17,134 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description
Licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 Aug. 1, 2017 through 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 Aug. 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 be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. 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 is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The contractually required contribution to STRS was $160,452 for fiscal year 2020. Of this amount $24,594 is reported as accrued wages and benefits.

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$798,987	$1,904,589	$2,703,576
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01335390%	0.00861244%	
Prior Measurement Date	0.01182490%	0.00847648%	
Change in Proportionate Share	0.00152900%	0.00013596%	
Pension Expense	$100,348	$10,286	$110,634

At June 30, 2020, 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	$20,261	$15,507	$35,768
Changes of assumptions	0	223,730	223,730
Changes in employer proportionate share of net pension liability	49,795	20,732	70,527
Contributions subsequent to the measurement date	48,679	160,452	209,131
Total Deferred Outflows of Resources	$118,735	$420,421	$539,156
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$8,245	$8,245
Net difference between projected and actual earnings on pension plan investments	10,256	93,085	103,341
Changes in employer proportionate share of net pension liability	40,274	259,636	299,910
Total Deferred Inflows of Resources	$50,530	$360,966	$411,496

$209,131 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	$15,712	$5,739	$21,451
2022	(1,319)	(79,304)	(80,623)
2023	(683)	(43,904)	(44,587)
2024	5,816	16,472	22,288
Total	$19,526	($100,997)	($81,471)

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 rebalanced uncorrelated asset classes.

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	$1,119,667	$798,987	$530,057

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 on the next page:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%

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

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

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

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

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.
**10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	$2,783,345	$1,904,589	$1,160,678

Note 8 - Defined Benefit OPEB Plans

See Note 7 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description
The employer 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 fiscal year 2020, no allocation was made 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 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 employer's surcharge obligation was $3,382.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was $3,382 for fiscal year 2020. Of this amount $0 is reported as accrued wages and benefits.

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. All benefit recipients 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 fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability (asset) was based on the employer'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:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	$318,486	$0	$318,486
Proportionate Share of the Net OPEB (Asset)	0	(142,643)	(142,643)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.01266450%	0.00861244%	
Prior Measurement Date	0.01192300%	0.00847648%	
Change in Proportionate Share	0.00074150%	0.00013596%	
OPEB Expense	($12,301)	($58,698)	($70,999)

At June 30, 2020, 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	$4,675	$12,932	$17,607
Changes of assumptions	23,262	2,998	26,260
Net difference between projected and actual earnings on OPEB plan investments	764	0	764
Changes in employer proportionate share of net OPEB liability	18,702	783	19,485
Contributions subsequent to the measurement date	3,382	0	3,382
Total Deferred Outflows of Resources	$50,785	$16,713	$67,498
Deferred Inflows of Resources			
Differences between expected and actual experience	$69,969	$7,258	$77,227
Changes of assumptions	17,847	156,391	174,238
Net difference between projected and actual earnings on OPEB plan investments	0	8,959	8,959
Changes in employer proportionate share of net OPEB liability	17,147	65,198	82,345
Total Deferred Inflows of Resources	$104,963	$237,806	$342,769

$3,382 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	($30,518)	($48,972)	($79,490)
2022	(6,437)	(48,972)	(55,409)
2023	(6,213)	(45,383)	(51,596)
2024	(6,249)	(44,122)	(50,371)
2025	(5,690)	(34,185)	(39,875)
Thereafter	(2,453)	541	(1,912)
Total	($57,560)	($221,093)	($278,653)

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

Mortality rates among active members were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	$386,581	$318,486	$264,342

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	$255,171	$318,486	$402,488

Assumption and Benefit Changes since the Prior Measurement Date
Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Prior Measurement Date	3.70%
Measurement Date	3.22%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.62%
Measurement Date	3.13%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

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%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.87% initial, 4% ultimate
Medicare	4.93% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	7.73% initial, 4% ultimate
Medicare	9.62% initial, 4% ultimate

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

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

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

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

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

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.
**10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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 and June 30, 2018. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019 and June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	($121,717)	($142,643)	($160,236)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	($161,750)	($142,643)	($119,241)

Assumption and Benefit Changes since the Prior Measurement Date

There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 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.

There were changes in assumptions, which increased the total OPEB liability by approximately $0.04 billion. The assumption changes included changes in healthcare costs and trends.

Note 9 – Contingencies

Foundation Funding

Academies 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 academies throughout the State, which can extend past the fiscal year end.

Under Ohio Rev. Code 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did perform such a review on the Academies for the fiscal year 2020.

As of the date of this report, all ODE adjustments have been completed.

In addition, the Academies' contract with its Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2020 have been completed resulting in neither a payable or receivable for the Academies.

Grants

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

Litigation

The Academies is currently not party to any legal proceedings.

Note 10 – Long-Term Obligations

Changes in long-term obligations of the Academies during fiscal year 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance		Due in One Year
Compensated Absences	$66,181	$5,686	$0	$71,867		$0
Subtotal Bonds & Other Amounts	66,181	5,686	0	71,867		0
Net Pension Liability:						
STRS	1,863,788	40,801	0	1,904,589		0
SERS	677,234	121,753	0	798,987		0
Total Net Pension Liability	2,541,022	162,554	0	2,703,576		0
Net OPEB Liability:						
STRS	0	0	0	0	(a)	0
SERS	330,776	0	12,290	318,486		0
Total Net OPEB Liability	330,776	0	12,290	318,486		0
Total Long-Term Liabilities	$2,937,979	$168,240	$12,290	$3,093,929		$0

(a) OPEB for STRS has a Net OPEB asset in the amount of $142,643 as of June 30, 2020.

Note 11 – Jointly Governed Organizations

Metropolitan Educational Technology Association

The Metropolitan Educational Technology Association (META) is an educational solutions partner providing services across Ohio. META provides cost effective fiscal network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs. The governing board of META consists of a president, vice president and nine board members, who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the Council including budgeting, appropriating, contracting, and designating management. Each member's degree of control is limited to its representation on the Board. Financial information can be obtained from the Chief Financial Officer at 100 Executive Drive, Marion, Ohio 43302.

Note 12 – Other Purchased Services

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

Professional & Technical Services	$576,390
Property Services	71,119
Communications	4,558
Utilities Services	63,000
Total Other Purchased Services	$715,067

Note 13 – Receivables

At 2020, the Academies had intergovernmental receivables of $42,548, which are considered collectible within one year and are presented on the statement of Net Position.

Note 14 – Implementation of New Accounting Principles

For fiscal year 2020, the Academies has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The Academies did not implement these statements due to the GASB postponing the implementation by 12 months because of the Covid-19 pandemic.

Note 15 – Subsequent Event/Dissolution of School

On Tuesday, April 23, 2020, the Mound Street Academies Governing Authority passed a resolution ceasing operations as a Community School effective the end of business on Tuesday, June 30, 2020. The Academies has followed closeout procedures prescribed by the Ohio Department of Education (ODE), regarding official notices to ODE, retirement systems, students, staff and the community. Disposition of student records and property owned by the Academies have also been in accord with ODE requirements. See table below for the activity after the fiscal year end through November 30, 2020.

This Space Intentionally Left Blank

Revenues, Expenses and Changes in Net Position	
Revenues:	
Investment Earnings	$6
State and Federal Grants	2,075
Proceeds from Sale of Assets	1,095,017
Other Revenues	7,296
Total Revenues	1,104,394
Expenses:	
Salaries	194,900
Fringe Benefits	75,907
Purchased Services	102,809
Materials and Supplies	237
Payments to ODE	900,000
Other Expenses	506
Total Expenses	1,274,359
Change in Net Position	(169,965)
Net Position - July 1, 2020 *	(1,099,956)
Net Position - November 30, 2020	($1,269,921)

* Balance calculated with net pension/OPEB liability, net OPEB asset, deferred outflow, and deferred inflows included

As of December 10, 2020, the Academies is expecting to disburse roughly $1.5 million to ODE after all legal and audit expenses are disbursed in finalizing the closure of the Academies.

REQUIRED SUPPLEMENTARY INFORMATION

Mound Street Academies
Required Supplementary Information
Schedule of the Academies' Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1) (2)

Year	Academies' Proportion of the Net Pension Liability	Academies' Proportionate Share of the Net Pension Liability	Academies' Covered Payroll	Academies' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.01335390%	$798,987	$458,111	174.41%	70.85%
2019	0.01182490%	677,234	398,037	170.14%	71.36%
2018	0.01189070%	710,443	381,178	186.38%	69.50%
2017	0.01508160%	1,103,834	575,843	191.69%	62.98%
2016	0.01503340%	857,821	537,998	159.45%	69.16%
2015	0.01535000%	776,855	450,542	172.43%	71.70%
2014	0.01535000%	1,021,892	514,494	198.62%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the Academies' measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mound Street Academies
Required Supplementary Information
Schedule of Academies' Contributions for Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

Year	Academies' Contractually Required Contribution	Academies' Contributions in Relation to the Contractually Required Contributions	Academies' Contribution Deficiency (Excess)	Academies' Covered Payroll	Academies' Contributions as a Percentage of Covered Payroll
2020	$48,679	($48,679)	$0	$347,707	14.00%
2019	61,845	(61,845)	0	458,111	13.50%
2018	53,735	(53,735)	0	398,037	13.50%
2017	53,365	(53,365)	0	381,178	14.00%
2016	80,618	(80,618)	0	575,843	14.00%
2015	70,908	(70,908)	0	537,998	13.18%
2014	62,445	(62,445)	0	450,542	13.86%
2013	71,206	(71,206)	0	514,494	13.84%
2012	53,144	(53,144)	0	395,123	13.45%
2011	54,437	(54,437)	0	433,071	12.57%

See accompanying notes to the required supplementary information.

Schedule of the Academies' Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1) (2)

Year	Academies' Proportion of the Net Pension Liability	Academies' Proportionate Share of the Net Pension Liability	Academies' Covered Payroll	Academies' Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.00861244%	$1,904,589	$927,343	205.38%	77.40%
2019	0.00847648%	1,863,788	902,786	206.45%	77.30%
2018	0.00943820%	2,242,059	1,074,214	208.72%	75.30%
2017	0.01065050%	3,565,033	1,149,029	310.26%	66.80%
2016	0.01082550%	2,991,842	1,064,400	281.08%	72.10%
2015	0.01246550%	3,032,041	1,371,600	221.06%	74.70%
2014	0.01246550%	4,235,691	1,612,893	262.61%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the Academies' measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mound Street Academies
Required Supplementary Information
Schedule of Academies' Contributions for Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

Year	Academies' Contractually Required Contribution	Academies' Contributions in Relation to the Contractually Required Contributions	Academies' Contribution Deficiency (Excess)	Academies' Covered Payroll	Academies' Contributions as a Percentage of Covered Payroll
2020	$160,452	($160,452)	$0	$1,146,086	14.00%
2019	129,828	(129,828)	0	927,343	14.00%
2018	126,390	(126,390)	0	902,786	14.00%
2017	150,390	(150,390)	0	1,074,214	14.00%
2016	160,864	(160,864)	0	1,149,029	14.00%
2015	149,016	(149,016)	0	1,064,400	14.00%
2014	179,308	(179,308)	0	1,379,292	13.00%
2013	209,676	(209,676)	0	1,612,892	13.00%
2012	235,962	(235,962)	0	1,815,092	13.00%
2011	212,978	(212,978)	0	1,638,292	13.00%

See accompanying notes to the required supplementary information.

Mound Street Academies
Required Supplementary Information
Schedule of the Academies' Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1) (2)

Year	Academies' Proportion of the Net OPEB Liability	Academies' Proportionate Share of the Net OPEB Liability	Academies' Covered Payroll	Academies' Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2020	0.01266450%	$318,486	$458,111	69.52%	15.57%
2019	0.01192300%	330,776	398,037	83.10%	13.57%
2018	0.01201910%	322,561	381,178	84.62%	12.46%
2017	0.01465730%	417,788	575,843	72.55%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the Academies' measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mound Street Academies
Required Supplementary Information
Schedule of Academies' Contributions for Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1) (2)

Year	Academies' Contractually Required Contribution (2)	Academies' Contributions in Relation to the Contractually Required Contributions	Academies' Contribution Deficiency (Excess)	Academies' Covered Payroll	Academies' Contributions as a Percentage of Covered Payroll
2020	$3,382	($3,382)	$0	$347,707	0.97%
2019	5,238	(5,238)	0	458,111	1.14%
2018	8,104	(8,104)	0	398,037	2.04%
2017	6,332	(6,332)	0	381,178	1.66%
2016	4,729	(4,729)	0	575,843	0.82%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information

Mound Street Academies
Required Supplementary Information
Schedule of the Academies' Proportionate Share of the Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1) (2)

Year	Academies' Proportion of the Net OPEB (Asset)/Liability	Academies' Proportionate Share of the Net OPEB (Asset)/Liability	Academies' Covered Payroll	Academies' Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2020	0.00861244%	($142,643)	$927,343	15.38%	174.74%
2019	0.00847648%	(136,208)	902,785	15.09%	176.00%
2018	0.00943818%	368,243	1,074,214	34.28%	47.10%
2017	0.01065047%	569,590	1,149,029	49.57%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the Academies' measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mound Street Academies
Required Supplementary Information
Schedule of Academies' Contributions for Net OPEB (Asset)/Liability
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

Year	Academies' Contractually Required Contribution	Academies' Contributions in Relation to the Contractually Required Contributions	Academies' Contribution Deficiency (Excess)	Academies' Covered Payroll	Academies' Contributions as a Percentage of Covered Payroll
2020	$0	$0	$0	$1,146,086	0.00%
2019	0	0	0	927,343	0.00%
2018	0	0	0	902,785	0.00%
2017	0	0	0	1,074,214	0.00%
2016	0	0	0	1,149,029	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

Note 1 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:
2020: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:
2018-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) 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,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

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

State Teachers Retirement System (STRS)

Changes in Benefit Terms:
2019-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

Note 2 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

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

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

(1) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%

(2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%

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

Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(4) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%

(5) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

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

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

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

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) 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,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:
2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately $0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Members of the Board
Mound Street Academies
Dayton, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Mound Street Academies, Montgomery County, Ohio, (the Academies) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Academies' basic financial statements, and have issued our report thereon dated December 10, 2020, wherein we noted the Academies closed on June 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academies' internal control over financial reporting (internal control) to determine the 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 Academies' internal control. Accordingly, we do not express an opinion on the effectiveness of the Academies' 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 Academies' 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 Academies' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Academies' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academies' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

December 10, 2020

SCHEDUILE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The prior audit report, as of June 30, 2019, included no citations, instances of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

MOUND STREET ACADEMIES

MONTGOMERY 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 1/21/2021