bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2020

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
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OHIO AUDITOR OF STATE
KEITH FABER

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

Board of Directors
Phoenix Community Learning Center
6640 Poe Ave, Ste 400
Dayton, OH 45414

We have reviewed the *Independent Auditor's Report* of the Phoenix Community Learning Center, Hamilton County, prepared by BHM CPA Group, 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 Phoenix Community Learning Center is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 03, 2021

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PHOENIX COMMUNITY LEARNING CENTER
YEAR ENDED JUNE 30, 2020

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YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Phoenix Community Learning Center
Hamilton County
3595 Washington Avenue
Cincinnati, Ohio 45229

To the Board of Directors:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the ensuing measures will impact subsequent periods of the School. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the School's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group
Piketon, Ohio
December 23, 2020

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Management's Discussion and Analysis
For the Year Ended June 30, 2020
(Unaudited)

The discussion and analysis of Phoenix Community Learning Center's (PCLC) 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 PCLC's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for the Phoenix Community Learning Center during fiscal year 2020 are as follows:

- Total net position of the PCLC was negative $2.5 million at fiscal year-end, a decrease of $1.0 million in comparison with the prior fiscal year-end.

- Total assets increased $22,897 and total liabilities increased $1.0 million from the prior year.

- The PCLC's operating loss for fiscal year 2020 was $2.2 million.

Using this Financial Report

This financial report contains the basic financial statements of the PCLC, 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 PCLC reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Position

The Statement of Net Position answers the question, "How did we do financially during the fiscal year?" This statement includes all assets and deferred outflows of resources and all 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 focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

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

Table 1 provides a summary of the School's net position for fiscal year 2020 compared to those reported for fiscal year 2019.

Table 1
Net Position

	2020	2019
Assets:		
Current Assets	$ 1,107,918	$ 988,128
Net OPEB Asset	249,960	209,000
Capital Assets, Net	4,190,986	4,328,839
Total Assets	5,548,864	5,525,967
Deferred Outflows of Resources	1,518,361	1,581,439
Liabilities		
Current Liabilities	854,189	689,798
Noncurrent Liabilities		
Other Noncurrent Liabilities	3,899,380	3,495,539
Net Pension Liability	3,997,526	3,510,050
Net OPEB Liability	251,554	292,805
Total Liabilities	9,002,649	7,988,192
Deferred Inflows of Resources	596,422	609,957
Net Position:		
Net Investment in Capital Assets	695,447	606,672
Restricted	184,954	40,623
Unrestricted	(3,412,247)	(2,138,038)
Total Net Position	$ (2,531,846)	$ (1,490,743)

Current Assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of increases in cash and cash equivalents due to the PCLC closely monitoring operating expenditures and receiving a Paycheck Protection Program loan assisting with operations during the COVID-19 pandemic.

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

Other Noncurrent Liabilities increased significantly in comparison with the prior fiscal year end. This increase is primarily the result of the PCLC receiving a forgivable loan pursuant to the Paycheck Protection Program during the fiscal year.

The total net position reported for fiscal year 2020 decreased by $1.0 million. Table 2 demonstrates the details of this decrease.

Table 2

Change in Net Position

	2020	2019
Operating Revenues:		
State Foundation	$ 2,900,009	$ 3,246,676
Tuition and Fees	2,165	3,325
Other Operating	5,075	5,062
Total Operating Revenues	2,907,249	3,255,063
Operating Expenses:		
Salaries and Wages	2,475,904	2,236,926
Fringe benefits	1,273,648	395,040
Purchased services	1,038,156	1,150,336
Materials and supplies	137,811	169,364
Depreciation	137,853	140,967
Other	36,185	19,338
Total Operating Expenses	5,099,557	4,111,971
Non Operating Revenues/(Expenses):		
State and Federal Grants	1,361,952	1,188,754
Interest Revenue	5,753	12,854
Interest Expense	(216,500)	(225,497)
Total Non-Operating Revenues/(Expenses)	1,151,205	976,111
Change in Net Position	(1,041,103)	119,203
Net Position, beginning of year	(1,490,743)	(1,609,946)
Net Position, end of year	$ (2,531,846)	$ (1,490,743)

Note: Fiscal year 2019 economic disadvantaged funding has been reclassified from State Foundation to State and Federal Grants to correlate with the fiscal year 2020 classification.

State Foundation revenue decreased significantly in comparison with the prior fiscal year. This decrease is primarily the result of a decrease in enrollment from 473 students in fiscal year 2019 to 428 students in fiscal year 2020.

State and Federal Grants increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of Student Wellness and Success funding received from the State of Ohio during the fiscal year.

Total Expenses increased in comparison with the prior fiscal year. This increase is primarily the result of an increase in fringe benefits. The increase in fringe benefits is the result of an increase in Pension and OPEB expense from negative $131,139 in fiscal year 2019 to $804,655 in fiscal year 2020.

Capital Assets

At the end of fiscal year 2020, the PCLC had $4.2 million invested in capital assets, a $137,853 decrease in comparison with the prior year. This decrease represents the current year depreciation. See Note 5 of the basic financial statements for additional details.

Debt

At the end of fiscal year 2020, the School's loan payable balance was $4.1 million, an increase of $418,272. This increase represents the amount in which current year loan issuance of $644,900 exceeded current year principal retirements of $226,628. See Note 6 of the basic financial statements for additional details.

Current Financial Issues

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

Contacting the School

This financial report is designed to provide a general overview of the finances of the Phoenix Community Learning Center and to show the PCLC's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of the Phoenix Community Learning Center, 3595 Washington Avenue, Cincinnati, Ohio, 45229.

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Assets:	
Current Assets	
Cash and Cash Equivalents	$ 822,723
Restricted Cash	55,594
Intergovernmental Receivables	217,202
Accounts Receivable	56
Prepaid Assets	12,343
Total Current Assets	1,107,918
Noncurrent Assets	
Net OPEB Asset	249,960
Nondepreciable Capital Assets	287,700
Depreciable Capital Assets, Net	3,903,286
Total Noncurrent Assets	4,440,946
Total Assets	5,548,864
Deferred Outflows of Resources:	
Pension	1,381,603
OPEB	136,758
Total Deferred Outflows of Resources	1,518,361
Liabilities:	
Current Liabilities	
Accounts Payable	67,721
Accrued Wages and Benefits	444,268
Intergovernmental Payable	101,141
Loans Payable	241,059
Total Current Liabilities	854,189
Long-Term Liabilities:	
Loan Payable	3,899,380
Net Pension Liability	3,997,526
Net OPEB Liability	251,554
Total Noncurrent Liabilities	8,148,460
Total Liabilities	9,002,649
Deferred Inflows of Resources:	
Pension	198,721
OPEB	397,701
Total Deferred Inflows of Resources	596,422
Net Position:	
Net Investment in Capital Assets	695,447
Restricted	184,954
Unrestricted	(3,412,247)
Total Net Position	$ (2,531,846)

See accompanying notes to the basic financial statements.

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

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

Operating Revenues:	
Foundation Payments	$ 2,772,545
Other Unrestricted Grants-in-Aid	127,464
Tuition and Fees	2,165
Other Operating Revenues	5,075
Total Operating Revenues	2,907,249
Operating Expenses:	
Salaries and Wages	2,475,904
Fringe Benefits	1,273,648
Purchased Services	1,038,156
Materials and Supplies	137,811
Depreciation	137,853
Other	36,185
Total Operating Expenses	5,099,557
Operating Loss	(2,192,308)
Non-Operating Revenues (Expenses):	
Federal Grants	974,802
State Grants	387,150
Interest Revenue	5,753
Interest Expense	(216,500)
Total Non-Operating Revenues (Expenses)	1,151,205
Change in Net Position	(1,041,103)
Net Position Beginning of Year	(1,490,743)
Net Position End of Year	$ (2,531,846)

See accompanying notes to the basic financial statements.

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

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

Cash Flows from Operating Activities:	
Cash Received from State of Ohio	$ 2,902,030
Cash Received from Other Operating	7,184
Cash Payments to Employees for Services and Benefits	(3,203,977)
Cash Payments to Suppliers for Goods and Services	(1,177,224)
Net Cash Used for Operating Activities	(1,471,987)
Cash Flows from Noncapital Financing Activities:	
Federal and State Grants	1,340,904
Cash Received from Loan	644,900
Net Cash Provided by Noncapital Financing Activities	1,985,804
Cash Flows from Capital and Related Financing Activities:	
Cash Payment for Loan Principal	(226,628)
Cash Payment for Loan Interest	(216,500)
Net Cash Provided for Capital and Related Financing Activities	(443,128)
Cash Flows from Investing Activities:	
Interest on Cash and Cash Equivalents	5,753
Net Cash Provided by Investing Activities	5,753
Net Increase in Cash and Cash Equivalents	76,442
Cash and Cash Equivalents at Beginning of Year	801,875
Cash and Cash Equivalents at End of Year	$ 878,317

See accompanying notes to the basic financial statements.

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

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

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(2,192,308)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		137,853
Changes in Assets and Liabilities:		
Intergovernmental Receivable		(9,901)
Accounts Receivable		(56)
Prepaid Assets		(9,844)
Prepaid Rent		(2,499)
Accounts Payable		47,080
Intergovernmental Payable		45,129
Accrued Wages and Benefits Payable		57,751
Net Pension Liability and Related Deferrals		509,803
Net OPEB Asset/Liability and Related Deferrals		(54,995)
Net Cash Used for Operating Activities	$	(1,471,987)

See accompanying notes to the basic financial statements.

Note 1 - Reporting Entity

The Phoenix Community Learning Center (PCLC), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific, and related teaching service. The PCLC, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The PCLC may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the PCLC.

The PCLC had one fiscal service provider during the fiscal year, Mangen & Associates, and the Thomas B. Fordham Foundation was the PCLC's sponsor. The Sponsor is responsible for evaluating the performance of the PCLC and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The PCLC operates under the direction of a five-member Board of Directors (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. Board members receive a $125 stipend per meeting. The Board controls the PCLC's instructional/support facility staffed by 16 non-certified and 30 certificated full time teaching personnel who provide services to 428 students. Mr. Luther Brown, Board Chairman, and Dr. Glenda Brown, Superintendent, are the founders of the PCLC.

The PCLC has a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the PCLC. See Note 12 for more information.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

C. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code 3314.032(C). However, unlike traditional public schools located in the State of Ohio, community schools are not required to follow the specific budgetary process and limits set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the PCLC and its Sponsor. The contract between the PCLC and its Sponsor prescribes a budgetary process for the PCLC requiring the Superintendent, Business Manager/Treasurer, and the Board to review the financial statements on a monthly basis. In addition, the PCLC is required to prepare an updated forecast on a monthly or quarterly basis.

D. Cash and Cash Equivalents

All monies received by the PCLC are maintained in a demand deposit account. For internal accounting purposes, the PCLC segregates its cash into separate funds. In addition, the PCLC has a debt service reserve held by Self-Help Ventures LLC which is reported as restricted cash on the statement of net position.

During the fiscal year, the PCLC invested in STAR Ohio (the State Treasury Asset Reserve of Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants", the Academy measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis, which approximates fair value.

For the fiscal year 2020, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Note 2 - Summary of Significant Accounting Policies (Continued)

E. Prepaid Assets

Payments made to vendors for services that will benefit periods beyond fiscal year-end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed.

F. Capital Assets

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

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

Description	Estimate Life
Building	40 years
Furniture and Equipment	5 years

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. For the PCLC, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 8 and Note 9.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. This deferred inflow of resources related to pension and OPEB are explained in Note 8 and Note 9.

H. 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 2 - Summary of Significant Accounting Policies (Continued)

I. Intergovernmental Revenues

The PCLC is a participant in the State Foundation Program. In addition, the State distributes among all public schools, a percentage of proceeds received from the tax on gross casino revenue, to be used to support primary and secondary education. Foundation funding, other unrestricted grants in aid and charges for services are recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year received. 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.

J. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the PCLC's primary mission. For the PCLC, operating revenues include revenues paid through the State Foundation Program, Other Unrestricted Grants-in-Aid, and tuition and fees. Operating expenses are necessary costs incurred to support the PCLC's primary mission, including salaries, benefits, purchased services, materials and supplies, depreciation and other.

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

K. Accrued Liabilities Payable

The PCLC has recognized certain liabilities on its Statement of Net Position relating to expenses, which are due but unpaid as of fiscal year-end, including:

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

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

Intergovernmental payable - payments made after year-end for the PCLCs' share of retirement contributions and Medicare.

L. Unearned Revenue

If the PCLC receives restricted funds that were not spent by the end of the fiscal year, the amount received is classified as unearned revenue and is carried over to the next fiscal year and repaid if not spent.

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Federal Tax Exemption Status

The PCLC 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.

N. Pensions and Other Postemployment Benefits (OPEB)

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

O. Net Position

Net position represents the difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, less outstanding debt related to 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 PCLC applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 3 - Deposits and Investments

Custodial credit risk for deposits is the risk that, in the event of bank failure, the PCLC will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, the carrying amount of the PCLC's deposits was $755,851 and the bank balance was $767,640. Of the PCLC's bank balance, $305,594 was covered by the Federal Depository Insurance Corporation (FDIC) and the remaining balance was uninsured and uncollateralized.

Investments of the PCLC as of June 30, 2020 were as follows:

Investments	NAV Value
STAR Ohio	$ 122,466

The PCLC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2020, the PCLC does not have any fair value investments.

Note 3 - Deposits and Investments (Continued)

In accordance with GASB Statement No. 79, the PCLC's investment in STAR Ohio is reported at amortized cost. For the fiscal year ended June 30, 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2020, is 42 days and carries a rating of AAAm by S&P Global Ratings.

Interest Rate Risk: The PCLC's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the PCLC, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The investments in STAR Ohio are rated AAAm by Standard & Poor's. The PCLC's investment policy limits investments to those authorized by State statute.

Note 4 - Intergovernmental Receivables

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. Intergovernmental receivables at year-end represent federal grants and a refund from the Bureau of Workers Compensation Program.

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PHOENIX COMMUNITY LEARNING CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020
(Continued)

Note 5 - Capital Assets

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

	Beginning Balance	Additions	Deletions /Transfers	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 287,700	$ -	$ -	$ 287,700
Depreciable Capital Assets:				
Building	4,992,533	-	-	4,992,533
Equipment and Furniture	619,413	-	-	619,413
Total Depreciable Capital Assets	5,611,946	-	-	5,611,946
Less Accumulated Depreciation:				
Building	(979,909)	(124,815)	(12,156)	(1,116,880)
Equipment and Furniture	(590,898)	(13,038)	12,156	(591,780)
Total Accumulated Depreciation	(1,570,807)	(137,853)	-	(1,708,660)
Depreciable Capital Assets, Net	$ 4,041,139	$ (137,853)	$ -	$ 3,903,286
Total Capital Assets, Net	$ 4,328,839	$ (137,853)	$ -	$ 4,190,986

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Note 6 - Long Term Obligations

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
PPP Loan	$ -	$ 644,900	$ -	$ 644,900	$ -
Self Help Venture Loans:					
6.53% 11/1/2023	2,758,218	-	(165,384)	2,592,834	177,161
4.03% 11/1/2023	963,949	-	(61,244)	902,705	63,898
	3,722,167	644,900	(226,628)	4,140,439	241,059
Net Pension Liability					
SERS	656,404	3,666	-	660,070	-
STRS	2,853,646	483,810	-	3,337,456	-
	3,510,050	487,476	-	3,997,526	-
Net OPEB Liability					
SERS	292,805	-	(41,251)	251,554	-
Total	$ 7,525,022	$ 1,132,376	$ (267,879)	$ 8,389,519	$ 241,059

In fiscal year 2017, the PCLC entered into a loan agreement with Self Help Ventures Fund to refinance the 2009 loan. The loan will be retired from operating dollars and amortized over a fourteen year schedule. The loan is due in March 2016 with a balloon payment on the final due date of November 1, 2023 with a 6.53 percent interest rate.

In fiscal year 2017, the PCLC entered into a loan agreement with Self Help Ventures Fund to complete the basement and other facility renovation. The loan will be retired from operating dollars and amortized over a fourteen year schedule. The loan is due in March 2016 with a balloon payment on the final due date of November 1, 2023 with a 4.03 percent interest rate.

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

There is no repayment schedule for the net pension/OPEB obligations; however employer pension and OPEB contributions are primarily made from the General Fund.

Note 6 - Long Term Obligations (Continued)

The principal and interest requirements to retire the long term loans outstanding at June 30, 2020 are as follows:

Fiscal Year	6.53% Loan		
Ended June 30,	Principal	Interest	Total
2021	$ 177,161	$ 166,370	$ 343,531
2022	189,252	154,278	343,530
2023	202,169	141,361	343,530
2024	215,621	127,909	343,530
2025	230,685	112,845	343,530
2026-2030	1,412,037	305,614	1,717,651
2031	165,909	3,193	169,102
Total	$ 2,592,834	$ 1,011,570	$ 3,604,404

Fiscal Year	4.03% Loan		
Ended June 30,	Principal	Interest	Total
2021	$ 63,898	$ 35,700	$ 99,598
2022	66,559	33,039	99,598
2023	69,330	30,268	99,598
2024	72,142	27,142	99,284
2025	75,220	24,378	99,598
2026-2030	425,722	72,268	497,990
2031-2032	129,834	3,815	133,649
Total	$ 902,705	$ 226,610	$ 1,129,315

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Note 7 - Risk Management

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

Commercial Property - Building	$5,304,000
General Liability per occurrence ($0 Deductible)	$1,000,000
General Liability (aggregate)	$1,000,000

The PCLC has non-profit directors and officer's liability insurance (D&O) and employment practices liability (EP) through United States Liability Insurance Company with a $1,000,000 (both) and $2,500 deductible for D&O and $5,000 deductible for EP. The PCLC also has an employee dishonesty bond of $50,000 through Caldwell Insurance. Liberty Mutual Insurance provides a Treasurer surety bond of $25,000.

Settlement amounts did not exceed coverage amounts in the three prior years. There also have been no significant reductions in coverage compared to prior year.

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

Note 8 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

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

Plan Description - PCLC Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

The PCLC's contractually required contribution to SERS was $86,891 for fiscal year 2020. Of this amount, $14,252 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

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

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

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

The PCLC's contractually required contribution to STRS was $259,824 for fiscal year 2020. Of this amount, $43,185 is reported as an intergovernmental payable.

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01103210%	0.01509178%	
Prior Measurement Date	0.01146120%	0.01297834%	
Change in Proportionate Share	-0.00042910%	0.00211344%	
Proportionate Share of the Net Pension Liability	$ 660,070	$ 3,337,456	$ 3,997,526
Pension Expense	$ 165,894	$ 690,624	$ 856,518

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

Note 8 - Defined Benefit Pension Plans (Continued)

At June 30, 2020 the PCLC 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	$ 16,736	$ 27,170	$ 43,906
Changes of Assumptions	0	392,050	392,050
Changes in Proportion and Differences between PCLC Contributions and Proportionate Share of Contributions	33,345	565,587	598,932
PCLC Contributions Subsequent to the Measurement Date	86,891	259,824	346,715
Total Deferred Outflows of Resources	$ 136,972	$ 1,244,631	$ 1,381,603
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 14,446	$ 14,446
Net Difference between Projected and Actual Earnings on Pension Plan Investments	8,474	163,117	171,591
Changes in Proportion and Differences between PCLC Contributions and Proportionate Share of Contributions	12,684	0	12,684
Total Deferred Inflows of Resources	$ 21,158	$ 177,563	$ 198,721

$346,715 reported as deferred outflows of resources related to pension resulting from PCLC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 43,472	$ 395,963	$ 439,435
2022	(18,791)	207,426	188,635
2023	(564)	103,070	102,506
2024	4,806	100,785	105,591
	$ 28,923	$ 807,244	$ 836,167

Note 8 - Defined Benefit Pension Plans (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
PCLC's Proportionate Share of the Net Pension Liability	$ 924,994	$ 660,070	$ 437,898

Note 8 - Defined Benefit Pension Plans (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
PCLC's Proportionate Share of the Net Pension Liability	$ 4,877,320	$ 3,337,456	$ 2,033,882

Note 9 - Defined Benefit OPEB Plans

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

Plan Description - PCLC Employees Retirement System (SERS)

Health Care Plan Description - The PCLC 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.

Note 9 - Defined Benefit OPEB Plans (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the PCLC's surcharge obligation was $3,132, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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Note 9 - Defined Benefit OPEB Plans (Continued)

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.01000300%	0.01509200%	
Prior Measurement Date	0.01055400%	0.01297800%	
Change in Proportionate Share	-0.00055100%	0.00211400%	
Proportionate Share of the Net			
OPEB Liability (Asset)	$ 251,554	$ (249,960)	
OPEB Expense	$ (6,296)	$ (45,567)	$ (51,863)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	$ 3,693	$ 22,661	$ 26,354
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	603	0	603
Changes of Assumptions	18,373	5,254	23,627
Changes in Proportion and Differences between			
PCLC Contributions and Proportionate			
Share of Contributions	22,616	60,426	83,042
PCLC Contributions Subsequent to the			
Measurement Date	3,132	0	3,132
Total Deferred Outflows of Resources	$ 48,417	$ 88,341	$ 136,758
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	$ 55,265	$ 12,717	$ 67,982
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	0	15,700	15,700
Changes of Assumptions	14,096	274,053	288,149
Changes in Proportion and Differences between			
PCLC Contributions and Proportionate			
Share of Contributions	25,870	0	25,870
Total Deferred Inflows of Resources	$ 95,231	$ 302,470	$ 397,701

Note 9 - Defined Benefit OPEB Plans (Continued)

$3,132 reported as deferred outflows of resources related to pension resulting from PCLC contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (20,175)	$ (46,781)	$ (66,956)
2022	(5,655)	(46,781)	(52,436)
2023	(5,478)	(40,490)	(45,968)
2024	(5,506)	(38,284)	(43,790)
2025	(8,291)	(42,711)	(51,002)
Thereafter	(4,841)	918	(3,923)
	$ (49,946)	$ (214,129)	$ (264,075)

Actuarial Assumptions - SERS

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

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

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

Note 9 - Defined Benefit OPEB Plans (Continued)

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

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

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

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

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

Note 9 - Defined Benefit OPEB Plans (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
PCLC's Proportionate Share of the Net OPEB Liability	$ 305,339	$ 251,554	$ 208,789

	1% Decrease	Current Trend Rate	1% Increase
PCLC's Proportionate Share of the Net OPEB Liability	$ 201,546	$ 251,554	$ 317,903

Note 9 - Defined Benefit OPEB Plans (Continued)

Actuarial Assumptions – STRS

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

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

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

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

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

Note 9 - Defined Benefit OPEB Plans (Continued)

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
PCLC's Proportionate Share of the Net OPEB Liability (Asset)	$ (213,291)	$ (249,960)	$ (280,790)

	1% Decrease	Current Trend Rate	1% Increase
PCLC's Proportionate Share of the Net OPEB Liability (Asset)	$ (283,443)	$ (249,960)	$ (208,951)

Note 10 - Restricted Net Position

At June 30, 2020, the PCLC reported restricted net position as follows:

Debt Service Reserve	$ 55,594
Student Wellness and Success	117,190
IDEA Part B Grant	12,170
Total	$ 184,954

Note 11 - Contingencies

A. Grants

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

B. Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the PCLC for fiscal year 2020 and determined the PCLC was overpaid by $2,212. This amount is reported as intergovernmental payable on the statement of net position. Although FTE reviews have not been finalized, it is in the opinion of the PCLC that any additional reviews will not have a material adverse effect on the financial position of the PCLC at fiscal year-end.

Note 12 - Contracted Fiscal Services

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

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

The total payments for these services during fiscal year 2020 was $144,852.

Note 13 - Other Employee Benefits

A. Compensated Absences

All employees receive five sick days and two personal days per school year. Employees are not permitted to carry over balances at year end; therefore, there is no liability for accrued compensated absences.

B. Employee Medical and Dental Benefits

The PCLC has purchased insurance from Anthem Blue Cross Blue Shield to provide employee medical/surgical benefits. The PCLC pays 80 percent for the employee's rate and 75 percent of any dependents, including spouses. Dental Care Plus provides dental coverage to all employees with PCLC paying 80 percent of the premium. The PCLC makes vision insurance coverage to employees through Avesis Third Administrators, Inc. which are 100 percent the employee's responsibility.

Note 14 - Purchased Services

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

Professional and Technical Services	$ 194,436
Contracted Food Services	244,204
Property Services	171,538
Utilities	141,489
Management Services	85,133
Health Services	80,652
Data Processing Services	17,712
Instructional Services	48,283
Transportation	1,174
Other Services	16,527
Postage/Advertising	34,887
Travel/Meetings	2,121
Total	$ 1,038,156

Note 15 - Sponsor

The PCLC has contracted with Thomas B. Fordham Foundation to provide sponsorship services. The PCLC pays the Thomas B. Fordham Foundation 2 percent of monthly foundation payments. The total fees paid under this contract for fiscal year 2020 totaled $61,726. The sponsor provides oversight, monitoring, treasury and technical assistance for the PCLC.

Note 16 – Related Party Transactions

Dr. Glenda Brown, Superintendent, and Mr. Luther Brown, Board President, who are co-founders of the PCLC are married.

The PCLC employed Sherrylon Miree, Dr. Glenda Brown's niece, during fiscal year 2020 and was paid $52,392 in salary.

Note 17 - Change in Accounting Principles

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

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

Note 17 - Change in Accounting Principles (Continued)

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

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

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

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

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

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

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

Note 18 - Subsequent Event:

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the PCLC. The PCLC's investments of the pension and other employee benefit plan in which the PCLC participates have incurred a decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the PCLC's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

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PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

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

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
PCLC's Proportion of the Net Pension Liability	0.0110321%	0.0114610%	0.0102080%	0.0080920%	0.0078640%	0.007169%	0.007169%
PCLC's Proportionate Share of the Net Pension Liability	$ 660,070	$ 656,404	$ 609,888	$ 592,223	$ 448,733	$ 362,819	$ 426,317
PCLC's Covered Payroll	$ 396,000	$ 461,422	$ 427,114	$ 372,171	$ 368,589	$ 329,185	$ 203,468
PCLC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	166.68%	142.26%	142.79%	159.13%	121.74%	110.22%	209.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

PHOENIX COMMUNITY LEARNING CENTER
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SCHEDULE OF PCLC'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST SEVEN FISCAL YEARS (1)

	2020	2019	2018	2017	2016	2015	2014
PCLC's Proportion of the Net Pension Liability	0.01509178%	0.01297834%	0.01176497%	0.01088001%	0.01023450%	0.01084100%	0.01084100%
PCLC's Proportionate Share of the Net Pension Liability	$ 3,337,456	$ 2,853,646	$ 2,794,794	$ 3,641,867	$ 2,828,503	$ 2,636,984	$ 3,141,158
PCLC's Covered Payroll	$ 1,800,914	$ 1,471,500	$ 1,284,386	$ 1,148,871	$ 1,119,136	$ 978,679	$ 1,093,850
PCLC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	185.32%	193.93%	217.60%	317.00%	252.74%	269.44%	287.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

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SCHEDULE OF PCLC PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 86,891	$ 53,460	$ 62,292	$ 59,796	$ 52,104	$ 48,580	$ 45,625	$ 28,160	$ 32,861	$ 28,124
Contributions in relation to the contractually required contribution	$ 86,891	$ 53,460	$ 62,292	$ 59,796	$ 52,104	$ 48,580	$ 45,625	$ 28,160	$ 32,861	$ 28,124
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 620,650	$ 396,000	$ 461,422	$ 427,114	$ 372,171	$ 368,589	$ 329,185	$ 203,468	$ 244,320	$ 223,739
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

See accompanying notes to the required supplementary information

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SCHEDULE OF PCLC PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	$ 259,824	$ 252,128	$ 206,010	$ 179,814	$ 160,842	$ 156,679	$ 137,015	$ 153,139	$ 183,351	$ 167,651
Contributions in relation to the contractually required contribution	$ 259,824	$ 252,128	$ 206,010	$ 179,814	$ 160,842	$ 156,679	$ 137,015	$ 153,139	$ 183,351	$ 167,651
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 1,855,886	$ 1,800,914	$ 1,471,500	$ 1,284,386	$ 1,148,871	$ 1,119,136	$ 978,679	$ 1,093,850	$ 1,309,650	$ 1,197,507
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

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

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
PCLC's Proportion of the Net OPEB Liability	0.0100030%	0.0105543%	0.0094383%	0.0076051%
PCLC's Proportionate Share of the Net OPEB Liability	$ 251,554	$ 292,805	$ 253,299	$ 216,774
PCLC's Covered Payroll	$ 396,000	$ 461,422	$ 461,422	$ 427,114
PCLC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.52%	63.46%	54.90%	50.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

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

LAST FOUR FISCAL YEARS (1)

	2020	2019	2018	2017
PCLC's Proportion of the Net OPEB Liability (Asset)	0.01509200%	0.01297834%	0.01176497%	0.01088000%
PCLC's Proportionate Share of the Net OPEB Liability (Asset)	$ (249,960)	$ (209,000)	$ 459,026	$ 581,866
PCLC's Covered Payroll	$ 1,800,914	$ 1,471,500	$ 1,471,500	$ 1,284,386
PCLC's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.88%	-14.20%	31.19%	45.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

SCHEDULE OF PCLC OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution (1)	$ 3,132	$ 1,980	$ 2,307	$ -	$ -	$ 6,172	$ 10,540	$ 11,780	$ 3,979	$ 3,405
Contributions in Relation to the Contractually Required Contribution	$ 3,132	$ 1,980	$ 2,307	$ -	$ -	$ 6,172	$ 10,540	$ 11,780	$ 3,979	$ 3,405
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PCLC's Covered Payroll	$ 620,650	$ 396,000	$ 461,422	$ 427,114	$ 372,171	$ 368,589	$ 329,185	$ 203,468	$ 244,320	$ 223,739
OPEB Contributions as a Percentage of Covered Payroll (1)	0.50%	0.50%	0.50%	0.00%	0.00%	1.67%	3.20%	5.79%	1.63%	1.52%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

SCHEDULE OF PCLC OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST NINE FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,657	$ 1,591	$ 14,104
Contributions in Relation to the Contractually Required Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,657	$ 1,591	$ 14,104
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PCLC's Covered Payroll	$ 1,855,886	$ 1,800,914	$ 1,471,500	$ 1,284,386	$ 1,148,871	$ 1,119,136	$ 978,679	$ 1,093,850	$ 1,309,650
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

Note 1 – Net Pension Liability

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

Note 2 - Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

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

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

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

Pre-Medicare:

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

Medicare:

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

Changes in Assumptions – STRS

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

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Note 2 - Net OPEB Liability (Asset) (Continued)

Changes in Benefit Terms – STRS

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

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

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

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PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3L70	$ -	$ 52,913
Covid-19 School Breakfast Program	10.553	3L70	-	12,578
National School Lunch Program	10.555	3L60	-	160,515
Covid-19 National School Lunch Program	10.555	3L60	-	5,354
Total Child Nutrition Cluster			-	231,360
Total U.S. Department of Agriculture			**-**	**231,360**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies, 18-19	84.010	S010A180035	-	111,911
Title I Grants to Local Educational Agencies, 19-20	84.010	S010A190035	-	539,541
			-	651,452
Special Education Cluster (IDEA):				
Special Education Grants to States, 18-19	84.027	H027A180111	-	22,354
Special Education Grants to States, 19-20	84.027	H027A190111	-	55,369
Total Special Education Cluster (IDEA)			-	77,723
Supporting Effective Instruction State Grants	84.367	S367A190034	-	136,886
Student Support and Academic Enrichment Program	84.424	S424A190036	-	33,394
Total U.S. Department of Education			-	**899,455**
Total Expenditures of Federal Awards			**$ -**	**$1,130,815**

The accompanying notes are an integral part of this schedule.

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Phoenix Community Learning Center (the School's) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Government has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

NOTE E – SCHOOLWIDE POOL

The following amounts were transferred to the Schoolwide Building Program Fund based on ODE administrative action and transferability guidelines during fiscal year 2020:

Fund	CFDA	Transfer In	Transfer Out
Schoolwide Building Program Fund	N/A	$731,796	
Title I Grants to Local Education Agencies	84.010		$539,541
Supporting Effective Instruction State Grants	84.367		55,369
Student Support and Academic Enrichment	84.424		136,886
Total Schoolwide Pool		**$731,796**	**$731,796**

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CERTIFIED PUBLIC ACCOUNTANTS

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

Phoenix Community Learning Center
Hamilton County
3595 Washington Avenue
Cincinnati, Ohio 45229

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Phoenix Community Learning Center, Hamilton County, (the School) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 23, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 23, 2020

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Phoenix Community Learning Center
Hamilton County
3595 Washington Avenue
Cincinnati, Ohio 45229

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited Phoenix Community Learning Center's (the School) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Phoenix Community Learning Center's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School's major federal program.

Management's Responsibility

The School's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School's compliance for the School's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School's major program. However, our audit does not provide a legal determination of the School's compliance.

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Opinion on the Major Federal Program

In our opinion, Phoenix Community Learning Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 23, 2020

PHOENIX COMMUNITY LEARNING CENTER
HAMILTON COUNTY

Schedule of Findings
2 CFR § 200.515
June 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal controls reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR §200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I, CFDA 84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Not low risk

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Phoenix Community Learning Center
Hamilton County
3595 Washington Avenue
Cincinnati, Ohio 45229

To the Board of Directors:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Phoenix Community Learning Center (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666 and Ohio Rev. Code Section 3314.03(a)(11)(d) for the period ended June 30, 2020. Management is responsible for complying with this requirement. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We observed the Board adopted an anti-harassment policy on June 21, 2012. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.

Ohio Rev. Code Section 3313.666(B) and Ohio Rev. Code Section 3314.03(a)(11)(d) specifies the following requirements must be included in anti-harassment policies. We inspected the policy for proper inclusion of these requirements:

1. A statement prohibiting harassment, intimidation, or bullying of any student on school property, on a school bus, or at school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;

2. A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666. The act defines that term as "any intentional written, verbal, electronic or physical act that a student has exhibited toward another particular student more than once and the behavior both (1) causes mental or physical harm to the other student, (2) is sufficiently severe, persistent, or pervasive that it creates an intimidating, threatening, or abusive educational environment for the other student," and violence within a dating relationship.;

3. A procedure for reporting prohibited incidents;

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4. A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

5. A requirement that the custodial parent or guardian of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

6. A procedure for documenting any prohibited incident that is reported;

7. A procedure for responding to and investigating any reported incident;

8. A strategy for protecting a victim from new or additional harassment, intimidation, or bullying, and from retaliation following a report, including a means by which a person may report an incident anonymously;

9. A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

10. A statement prohibiting students from deliberately making false reports of harassment, intimidation, or bullying and a disciplinary procedure for any student responsible for deliberately making a false report of that nature;

11. A requirement that the administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in the evaluation of whether the School has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. and is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 23, 2020

OHIO AUDITOR OF STATE
KEITH FABER

PHOENIX COMMUNITY LEARNING CENTER

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/16/2021

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