THE ACADEMY FOR URBAN SCHOLARS – YOUNGSTOWN

MAHONING COUNTY, OHIO

AUDIT REPORT

For the Year Ended June 30, 2019

Charles E. Harris & Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
The Academy for Urban Scholars - Youngstown
1350 Fifth Avenue
Youngstown, Ohio 44504

We have reviewed the *Independent Auditor's Report* of The Academy for Urban Scholars - Youngstown, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2018 through June 30, 2019. 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 Academy for Urban Scholars - Youngstown is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 1, 2020

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THE ACADEMY FOR URBAN SCHOLARS - YOUNGSTOWN
MAHONING COUNTY
AUDIT REPORT
For the Year Ended June 30, 2019

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

The Academy for Urban Scholars - Youngstown
Mahoning County
1350 Fifth Avenue
Youngstown, Ohio 44504

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Academy for Urban Scholars - Youngstown, Mahoning County, Ohio (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy for Urban Scholars - Youngstown, Mahoning County, Ohio, as of June 30, 2019, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.
March 3, 2020

The discussion and analysis of the Academy for Urban Scholars (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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 June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- In total, net position was $(682,472), which represents an increase of $324,745 from 2018. The increase is primarily due to changes in GASB 68 and 75 pension accruals and a significant increase in enrollment.

- Total assets were $474,549, which represents an increase of $427,546 from 2018. This was primarily due to increases cash and intergovernmental receivable.

- Liabilities were $1,633,855, which represents a decrease of $17,862 from 2018. The decrease in liabilities is a direct result of decreases in accounts payable.

Using this Financial Report

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

The School uses enterprise presentation for all of its activities.

Statement of Net Position

The Statement of Net Position answers the question of how the School did financially during 2019. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and 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.

Statement of Net Position (Continued)

Table 1 provides a summary of the School's net position for fiscal year 2019 and 2018.

Table 1
Statement of Net Position

	2019	2018
Assets		
Current Assets	$ 406,282	$ 18,506
Noncurrent Assets	68,267	28,497
Total Assets	474,549	47,003
Deferred Outflows of Resources	771,170	870,421
Liabilities		
Current Liabilities	43,645	63,625
NonCurrent Liabilities	1,590,210	1,588,092
Total Liabilties	1,633,855	1,651,717
Deferred Inflows of Resources	294,336	272,924
Net Position		
Investment in Capital Assets	13,326	21,763
Unrestricted	(695,798)	(1,028,980)
Total Net Position	$ (682,472)	$ (1,007,217)

Total assets were $474,549. This was primarily due to cash and intergovernmental receivable. Liabilities were $1,633,855 which was primarily net pension/OPEB liabilities, and accounts payable.

Statement of Revenues, Expenses and Changes in Net Position

Table 2 shows the changes in net position for fiscal years 2019, as well as a listing of revenues and expenses. The net position is important because it tells the reader that, for the School as a whole, the financial position of the School. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Table 2
Change in Net Position

	2019	2018
Operating Revenues		
State Aid	$ 1,635,086	$ 1,282,644
Other	8,314	2,824
Total Operating Revenues	1,643,400	1,285,468
Operating Expenses		
Salaries	584,315	604,696
Fringe Benefits	127,489	171,202
Fringe Benefits - Pension/OPEB	72,386	(443,027)
Purchased Services	834,981	653,107
Materials and Supplies	51,570	24,678
Depreciation	12,172	16,937
Other	11,095	23,025
Total Operating Expenses	1,694,008	1,050,618
Operating Income (Loss)	(50,608)	234,850
Non-Operating Revenues (Expenses)		
Federal Grants	376,186	163,482
Interest Expenses	(833)	(2,135)
Total Non-Operating Revenues (Expenses)	375,353	161,347
Change in Net Position	$ 324,745	$ 396,197

Operating revenues were $1,643,400 which represents 81% of total revenue. Operating expenses were $1,694,008 which represents 99% of total expenses. The Schools' significant expense Purchased Services represents 49% of total expenses. Purchased services will be explained further in Note 9.

Statement of Revenues, Expenses and Changes in Net Position (Continued)

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2019 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/ liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

Statement of Revenues, Expenses and Changes in Net Position (Continued)

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

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

At year end, capital assets represented $13,326, or 2.8 percent of total assets. Capital assets include leasehold improvements and computers and equipment. Net investment in capital assets was $13,326 at June 30, 2019. These capital assets are used to provide services to students and are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

There was a significant change in net pension/OPEB liability/asset for the School. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the School's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows, Net Pension Liability, Net OPEB Liability/Asset are described in more detail in their respective notes to the financial statements.

Budgeting Highlights

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its Sponsor. The contract between the School and its Sponsor does prescribe a budgetary process. The School has developed a one year spending plan and a five-year projection that is reviewed by the Board of Directors. The five-year projections are also submitted to the Sponsor and the Ohio Department of Education.

Capital Assets

At the end of fiscal year 2019, the School had $13,326, invested in capital assets, net of depreciation. The asset purchases were leasehold improvements, computers and equipment. For more information on capital assets, see Note 5 in the notes to the basic financial statements.

Debt

At June 30, 2019, the School had $1,591,756 in total long-term liabilities which consisted of $1,546 in current and $1,590,210 in long term liabilities. The long-term portion will be explained further in the Note 20 to the basic financial statements.

Current Financial Issues

The Academy for Urban Scholars-Youngstown received revenue for 153 students in 2018 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional School boundaries. The School receives its support almost entirely from State Aid. Per pupil revenue from State Aid for the School averaged $8,561 in fiscal year 2019 with no increase in State Basic Aid planned in fiscal year 2019. The School receives additional revenues from grant subsidies.

On July 1, 2015, the School entered into an agreement with National Center for Urban Solutions, as its management company for the fiscal year to provide management services to the School. The School paid the Operator $413,818 for the fiscal year for management and other related services.

On July 1, 2015, the School contracted with the Buckeye Community Hope Foundation (BCHF) as its sponsor. State law allows sponsors to assess the schools up to 3 percent of State revenues as an oversight fee. The School paid BCHF three percent of State Aid as its sponsorship fee in fiscal year 2019. In June 2016, the School signed a new two-year agreement with the Sponsor ending June 30, 2018. In December 2017, the sponsor renewed the contract for a period of five years effective July 1, 2018 – June 30, 2023.

Contacting the School's Financial Management

This financial report is designed to provide our readers with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact C. David Massa, Fiscal Officer for the Academy for Urban Scholars, 219 E. Maple St. Suite 202 North Canton, Ohio 44720 or email at dave@massasolutionsllc.com.

THE ACADEMY FOR URBAN SCHOLARS - YOUNGSTOWN
MAHONING COUNTY, OHIO
Statement of Net Position
At June 30, 2019

Assets:		
Current Assets:		
Cash and Cash Equivalents	$	240,446
Intergovernmental Receivable		165,836
Total Current Assets		406,282
Noncurrent Assets:		
OPEB Asset		51,941
Other Assets		3,000
Capital Assets, net of Accumulated Depreciation		13,326
Total Noncurrent Assets		68,267
Total Assets		474,549
Deferred Outflows of Resources:		
Pension		696,228
OPEB		74,942
Total Deferred Outflows of Resources		771,170
Liabilities:		
Current Liabilities:		
Accounts Payable, Trade		25,591
Accounts Payable, Related Party		16,508
Current Portion of Long-Term Debt		1,546
Total Current Liabilities		43,645
Noncurrent Liabilities:		
Net Pension Liability		1,322,268
Net OPEB Liability		267,942
Total Noncurrent Liabilities		1,590,210
Total Liabilities		1,633,855
Deferred Inflows of Resources:		
Pension		153,880
OPEB		140,456
Total Deferred Inflows of Resources		294,336
Net Position:		
Invested in Capital Assets		13,326
Unrestricted Net Position		(695,798)
Total Net Position	$	(682,472)

See Accompanying Notes to the Basic Financial Statements

THE ACADEMY FOR URBAN SCHOLARS - YOUNGSTOWN
MAHONING COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2019

Operating Revenues:	
State Aid	$ 1,587,841
Casino Aid	10,027
Facility Funding	37,218
Miscellaneous	8,314
Total Operating Revenues	1,643,400
Operating Expenses:	
Salaries	584,315
Fringe Benefits	199,875
Purchased Services	834,981
Depreciation	12,172
Supplies	51,570
Other Operating Expenses	11,095
Total Operating Expenses	1,694,008
Operating Loss	(50,608)
Non-Operating Revenues and (Expenses):	
Federal and State Restricted Grants	376,186
Interest Expense	(833)
Net Non-operating Revenues and (Expenses)	375,353
Change in Position	324,745
Net Position Beginning of Year	(1,007,217)
Net Position End of Year	$ (682,472)

See Accompanying Notes to the Basic Financial Statements

THE ACADEMY FOR URBAN SCHOLARS - YOUNGSTOWN
MAHONING COUNTY, OHIO

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from State of Ohio	$ 1,641,631
Cash Received from Other Operating Sources	8,314
Cash Payments to Employees for Services	(584,315)
Cash Payments for Employee Benefits	(163,880)
Cash Payments to Suppliers for Goods and Services	(900,710)
Other Cash Payments	(11,095)
Net Cash Used For Operating Activities	(10,055)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Federal and State Grant Receipts	251,656
Net Cash Provided By Noncapital Financing Activities	251,656
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest Paid	(833)
Capital Lease Principal Retirement	(2,188)
Net Cash Used For Capital and Related Financing Activities	(3,021)
Net Increase in Cash and Cash Equivalents	238,580
Cash and Cash Equivalents - Beginning of the Year	1,866
Cash and Cash Equivalents - Ending of the Year	$ 240,446

See Accompanying Notes to the Basic Financial Statements

(Continued)

THE ACADEMY FOR URBAN SCHOLARS - YOUNGSTOWN
MAHONING COUNTY, OHIO

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019
(Continued)

Reconciliation of Operating Loss to Net Cash Used For Operating Activities

Operating Loss	$	(50,608)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:		
Depreciation		12,172
Changes in Assets, Liabilities, and Deferred Inflows and Outflows:		
(Increase)/ Decrease in OPEB Asset		(51,941)
(Increase)/ Decrease in Deferred Outflows		99,251
Increase/ (Decrease) in Deferred Inflows		21,412
Increase/ (Decrease) in Net Pension Liability		3,664
Increase / (Decrease) in Intergovernmental Payables		(29,846)
Increase/ (Decrease) in Accounts Payable, Trade		(30,667)
Increase/ (Decrease) in Accounts Payable, Related Party		16,508
Net Cash Used For Operating Activities	$	(10,055)

See Accompanying Notes to the Basic Financial Statements

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1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Academy for Urban Scholars-Youngstown (the School) is a federal 501(c)(3) tax-exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any School. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with National Center of Urban Solutions as its operator to provide management services to the school. (see note 17 for details).

On July 1, 2015, the School contracted with the Buckeye Community Hope Foundation (BCHF) as its sponsor. State law allows sponsors to assess the schools up to 3 percent of State revenues as an oversight fee. The School paid BCHF three percent of State Aid as its sponsorship fee in fiscal year 2019. In June 2016, the school signed a new two-year agreement with the Sponsor ending June 30, 2018. In December 2017, the sponsor renewed the contract for a period of five years effective July 1, 2018 – June 30, 2023.

The School operates under a self-appointing, five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The facility is staffed with teaching personnel who provide services to 191 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

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

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 all liabilities are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

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

D. Cash and Cash Equivalents

All cash received by the School is deposited in accounts in the School's name and reflected as Cash and Cash Equivalents on the Statement of Net Position. The School did not have any investments during fiscal year 2019.

E. Prepaid Items

The School records payments made to vendors for services that will benefit future periods as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is recorded in the year in which the services are consumed.

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program. Revenues received from these programs are recognized as operating revenues (foundation and special education payments) in the accounting period in which they are earned and become measurable. Funding from these programs is listed as "State Aid" on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Intergovernmental Revenues (Continued)

Resources where the timing requirement is not met are recorded as a liability to the funding source, and reported as a non-operating expense. Resources received prior to the period of use are deferred.

Amounts awarded under the above programs for the 2019 school year totaled $2,011,272.

G. Capital Assets and Depreciation

For purposes of recording capital assets, the Board has a capitalization threshold of $1,000.

The capital assets are recorded on the accompanying Statement of Net Position at cost, net of accumulated depreciation of $13,326. Depreciation is computed by the straight-line method over five years for “Equipment” and ten years for “Leasehold Improvements”.

Aside from those mentioned above, the School has no other capital assets.

H. Net Position

Net Position represent the difference between (all assets plus deferred outflows of resources) less (all liabilities, plus deferred inflows of resources). Net Position are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the School’s primary activities. For the School, these revenues are primarily State Aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Use of Estimates

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions and Other Post-Employment Benefits

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Note 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the statement of net position. (See Note 12 and 13).

3. DEPOSITS AND INVESTMENTS

At June 30, 2019, the carrying deposits with financial institutions amount of the School deposits are $240,446, and its bank balance of $326,139 of which all was covered by federal depository insurance based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures".

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School has no deposit policy for custodial credit risk beyond the requirements of state statute. According to state law, public depositories must give security for all public funds on deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

4. ACCOUNTS PAYABLE

At June 30, 2019, the School had an intergovernmental receivable in the amount of $165,836 representing monies from State Aid and Federal Programs due but not received by year end. All amounts are expected to be collected within one year.

5. CAPITAL ASSETS AND DEPRECIATION

For the year ended June 30, 2019, the School's capital assets consisted of the following:

	Balance 06/30/18	Additions	Deletions	Balance 06/30/19
Capital Assets:				
Leasehold Improvements	$ 53,304	$ -	$ -	$ 53,304
Computers and Equipment	34,718	-	-	34,718
Total Capital Assets	88,022	-	-	88,022
Less Accumulated Depreciation:				
Leasehold Improvements	(48,075)	(5,229)	-	(53,304)
Computers and Equipment	(14,449)	(6,943)	-	(21,392)
Total Accumulated Depreciation	(62,524)	(12,172)	-	(74,696)
Total Capital Assets, Net	$ 25,498	$ (12,172)	$ -	$ 13,326

6. ACCOUNTS PAYABLE/RECEIVABLE

Accounts Payable in the amount of $25,591 consists of obligations at June 30, 2019 incurred during the normal course of conducting operations. Accounts Payable, Related Party of $16,508 reflects amounts due to the School's management company at year end.

7. OTHER ASSETS – SECURITY DEPOSITS

Deposits in the amount of $3,000 represent leasehold deposits to the landlord during the execution of the lease. There was no change from the prior year.

8. RISK MANAGEMENT

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended 2019, the School contracted with the Hartford Insurance Company for the following insurance coverage:

Commercial General Liability per occurrence	$ 1,000,000
Commercial General Liability aggregate	4,000,000
Director and Officers Liability	1,000,000
Employment Practices Liability	1,000

Settled claims have not exceeded commercial coverage in any of the past three fiscal years, and there has not been a significant reduction in coverage from the prior fiscal year.

9. PURCHASED SERVICES EXPENSES

For the year ended June 30, 2019, the School's largest expense, purchased services consisted of the following:

Purchased Services	Amount
Professional Services	$ 609,506
Property Services	101,903
Utilities	19,769
Travel & Meetings	22,801
Communications	27,546
Contractual Trade	52,983
Pupil Transportation	473
Total	$ 834,981

10. CAPITAL LEASES PAYABLE

The School entered into a capitalized lease for the acquisition of equipment. This capital lease has been recorded as a capital asset at the present value of the minimum lease payments as of the inception date. The capital lease is recorded as Equipment of $8,200. The School paid $3,021 in principal and interest for the fiscal year ended June 30, 2019. Future lease obligations are $1,546 and will be paid in fiscal year 2020.

11. OPERATING LEASES – LESSEE DISCLOSURE

Beginning September 2018, the School leased space located at 3405 Market St. in Youngstown, Ohio. The term of the lease is for 5 years ending August 31, 2023. The School paid $75,000 for fiscal year 2019.

12. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits 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	Age 60 with 5 years of service credit	Age 62 with 10 years of service credit; or
Benefits	Age 55 with 25 years of service credit	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.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2019.

The School's contractually required contribution to SERS was $41,517 for fiscal year 2019.

12. DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. Effective August 1, 2017–July 1, 2019, any member may retire with reduced benefits who has (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. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. Effective July 1, 2017, employer contributions of 9.53 percent are placed in the investment accounts and 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 is applied to the DB Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. 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 DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50 and termination of employment.

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2019, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $58,241 for fiscal year 2019.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.00931930%	0.00288210%	
Proportion of the Net Pension Liability Current Measurement Date	0.01067819%	0.00323229%	
Change in Proportionate Share	0.00135889%	0.00035019%	
Proportionate Share of the Net Pension Liability	$ 611,560	$ 710,708	$ 1,322,268
Pension Expense	34,969	250,846	285,815

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

12. DEFINED BENEFIT PENSION PLANS (Continued)

At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 33,540	$ 16,404	$ 49,944
Changes of assumptions	13,810	125,950	139,760
Changes in proportion and differences between contributions and proportionate share of contributions	57,272	349,494	406,766
School contributions subsequent to the measurement date	41,517	58,241	99,758
Total Deferred Outflows of Resources	$ 146,139	$ 550,089	$ 696,228

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$ -	$ 4,642	$ 4,642
Net difference between projected and actual earnings on pension plan investments	16,943	43,098	60,041
Changes in proportion and differences between contributions and proportionate share of contributions	89,197	-	89,197
Total Deferred Inflows of Resources	$ 106,140	$ 47,740	$ 153,880

$99,758 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020.

12. DEFINED BENEFIT PENSION PLANS (Continued)

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:			
2020	$ 34,748	$ 244,894	$ 279,642
2021	(11,001)	137,781	126,780
2022	(20,070)	57,615	37,545
2023	(5,195)	3,818	(1,377)
Total	$ (1,518)	$ 444,108	$ 442,590

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.

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, 2018, are presented below:

Wage 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
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
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.

12. DEFINED BENEFIT PENSION PLANS (Continued)

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from 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 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 26-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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$861,428	$611,560	$402,062

12. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016; pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2018 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

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

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

12. 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, 2018. 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School's proportionate share of the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School's proportionate share of the net pension liability	$1,037,895	$710,708	$433,788

13. DEFINED BENEFIT OPEB PLANS

Net OPEB Asset/Liability

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

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

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

13. DEFINED BENEFIT OPEB PLANS (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

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

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

13. DEFINED BENEFIT OPEB PLANS (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. 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 2019, the School's surcharge obligation was $353.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was $1,891 for fiscal year 2019.

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, 2020. 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, 2019, STRS did not allocate any employer contributions to post-employment health care.

13. DEFINED BENEFIT OPEB PLANS (Continued)

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

The net OPEB asset/liability was measured as of June 30, 2018, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB asset/liability was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.00866850%	0.00288210%	
Proportion of the Net OPEB Liability/Asset Current Measurement Date	0.00965810%	0.00323229%	
Change in Proportionate Share	0.00098960%	0.00035019%	
Proportionate Share of the Net OPEB Liability/(asset)	$ 267,942	$ (51,941)	$ 216,001
OPEB Expense	(6,863)	(104,917)	(111,780)

At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 4,374	$ 6,067	$ 10,441
Changes in proportion and differences between contributions and proportionate share of contributions	21,836	40,774	62,610
School contributions subsequent to the measurement date	1,891	-	1,891
Total Deferred Outflows of Resources	$ 28,101	$ 46,841	$ 74,942

13. DEFINED BENEFIT OPEB PLANS (Continued)

Deferred Inflows of Resources	SERS	STRS	Total
Differences between expected and actual experience	$ -	$ 3,027	$ 3,027
Changes of assumptions	24,072	70,773	94,845
Net difference between projected and actual earnings on OPEB plan investments	403	5,933	6,336
Changes in proportion and differences between contributions and proportionate share of contributions	36,248	-	36,248
Total Deferred Inflows of Resources	$ 60,723	$ 79,733	$ 140,456

$1,891 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ (26,357)	$ (5,450)	$ (31,807)
2021	(19,273)	(5,450)	(24,723)
2022	3,150	(5,448)	(2,298)
2023	3,321	(4,101)	(780)
2024	3,294	(3,628)	(334)
Thereafter	1,352	(8,815)	(7,463)
Total	$ (34,513)	$ (32,892)	$ (67,405)

13. DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - SERS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions used in the valuation are based on results from the most recent actuarial experience study, which covered the five-year period ending June 30, 2015. The experience study report is dated April 2016. The total OPEB liability used the following assumptions and other inputs:

Wage 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
Municipal Bond Index Rate	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate	
Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.375 percent - 4.75 percent
Pre-Medicare	7.25 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 long-term expected rate of return on plan 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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

13. 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, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percent lower (6.25 percent decreasing to 3.75 percent) and one percent higher (8.25 percent decreasing to 5.75 percent) than the current rate.

13. DEFINED BENEFIT OPEB PLANS (Continued)

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School's proportionate share of the net OPEB liability	$325,126	$267,942	$222,662

	1% Decrease (6.25 % decreasing to 3.75%)	Current Trend Rate (7.25 % decreasing to 4.75%)	1% Increase (8.25 % decreasing to 5.75%)
School's proportionate share of the net OPEB liability	$216,180	$267,942	$336,484

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, 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
Payroll Increases	3.00 percent
Health Care Cost Trend Rates	-5.23 percent to 9.62 percent, initial, 4.00 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

13. DEFINED BENEFIT OPEB PLANS (Continued)

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 asset/liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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 as of June 30, 2018. 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 asset/liability as of June 30, 2018.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset/Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset/liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset/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. Also shown is the net OPEB asset/ liability as of June 30, 2018, calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

13. DEFINED BENEFIT OPEB PLANS (Continued)

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School's proportionate share of the net OPEB asset	$44,517	$51,941	$58,178

	1% Decrease (3.13%)	Current Trend Rate (4.13%)	1% Increase (5.13%)
School's proportionate share of the net OPEB asset	$57,826	$51,941	$45,962

14. CONTINGENCES

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

B. Full Time Equivalency

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 School for fiscal year 2019 and determined the ODE owed the School $4,238. This amount is reported as intergovernmental receivable on the Statement of Net Position.

As of the date of this report, additional ODE adjustments for the fiscal year 2019 are finalized and resulted in no further adjustments to the financial statements. In addition, the School's contracts with their Sponsor and Management Company require payment based on revenues received from the State. No further receipts nor payments are expected.

14. CONTINGENCIES (Continued)

C. Litigation

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

15. SPONSORSHIP FEES

The School contracted with the Buckeye Community Hope Foundation as its sponsor effective July 1, 2014. The School pays the Sponsor three percent of the State Aid. Total fee expense for fiscal year 2019 was $47,635. The Sponsor provides oversight, monitoring and technical assistance for the School. In June 2015, the School signed a new two-year agreement with the Sponsor ending June 30, 2018.The Sponsor extended the agreement in December of 2017 for an additional term ending in June 2023.

16. TAX EXEMPT STATUS

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax-exempt organization.

17. AGREEMENT WITH NATIONAL CENTER FOR URBAN SOLUTIONS (NCUS)

The School entered into a management agreement with the National Center for Urban Solutions. The term of the contract is for 4 years beginning July 1, 2016 and ending June 30, 2020. NCUS is responsible and accountable to the School's Board of Directors for the administration and day-to-day operations of the School. Responsibilities include (but not limited to) student recruitment, budget development, personnel management, curriculum development/oversight, and facilities management. The School pays NCUS a fixed fee of $19,000 per month with a contractual maximum of 19% of State revenues. Total fees paid for fiscal year 2019 were $413,818.

18. MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2019, National Center for Urban Solutions (NCUS) incurred the following expenses on behalf of the School.

The Academy for Urban Scholars - Youngstown	Support Services (2000 Function Codes)	Total
Direct expenses:		
Salaries & wages (100 object codes)	$ 45,563	$ 45,563
Professional & technical services (410 object codes)	18,588	18,588
Property services (420 object codes)	6,535	6,535
Other direct costs (All other object codes)	1,251	1,251
Indirect expenses:		
Overhead	220,138	220,138
Total expenses	**$ 292,075**	**$ 292,075**

18. MANAGEMENT COMPANY EXPENSES (Continued)

NCUS charges overhead and corporate rate of nineteen percent. Employee Benefits do not include pension expenses. Under management agreement with the School, the School is responsible for pension expenses for direct school staff.

19. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2019, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the School.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in the School’s fiscal year 2019 financial statements; however, there was no effect on beginning net position.

20. LONG TERM DEBT OBLIGATIONS

The School has the following long-term obligations:

	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Due within One Year
Pension and Postemployment:					
Net Pension Liability	$ 1,241,457	$ 80,811	$ -	$ 1,322,268	$ -
Net OPEB Liability	345,089	-	(77,147)	267,942	-
Net NPL/ OPEB	1,586,546	80,811	(77,147)	1,590,210	-
Capital Lease Payable	3,734	-	(2,188)	1,546	1,546
Total Long-Term Obligations	$ 1,590,280	$ 80,811	$ (79,335)	$ 1,591,756	$ 1,546

The Academy for Urban Scholars – Youngstown

Mahoning County, Ohio

Required Supplementary Information

Schedule of the School's Proportionate Share of the Net Pension Liability

Last Five Fiscal Years

	2019	2018	2017	2016	2015
School Employees Retirement System (SERS)					
School's Proportion of the Net Pension Liability	0.0106782%	0.0093193%	0.0123867%	0.0131434%	0.0055410%
School's Proportionate Share of the Net Pension Liability	$ 611,560	$ 556,808	$ 906,592	$ 749,975	$ 280,427
School's Covered Payroll	$ 368,815	$ 311,086	$ 404,857	$ 611,889	$ 144,841
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	165.82%	178.99%	223.93%	122.57%	193.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)					
School's Proportion of the Net Pension Liability	0.0032323%	0.0028821%	0.0021414%	0.0020964%	0.0020127%
School's Proportionate Share of the Net Pension Liability	$ 710,708	$ 684,649	$ 716,784	$ 579,375	$ 489,556
School's Covered Payroll	$ 367,457	$ 209,214	$ 202,800	$ 377,779	$ 233,985
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.41%	327.25%	353.44%	153.36%	209.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.31%	75.30%	66.80%	72.10%	74.70%

(1) Information prior to 2015 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Academy for Urban Scholars – Youngstown

Mahoning County

Required Supplementary Information

Schedule of the School's Proportionate Share of the

Net OPEB Asset/Liability

Last Three Fiscal Years (1)

		2019	2018	2017
School Employees Retirement System (SERS)				
School's Proportion of the Net OPEB Liability		0.0096581%	0.0086685%	0.0112792%
School's Proportionate Share of the Net OPEB Liability		$ 267,942	$ 232,640	$ 321,499
School's Covered Payroll		$ 355,643	$ 311,086	$ 404,857
School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll		75.34%	74.78%	79.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)				
School's Proportion of the Net OPEB Liability/(Asset)		-0.0032323%	0.0028821%	0.0021414%
School's Proportionate Share of the Net OPEB Liability/(Asset)		$ (51,941)	$ 112,449	$ 114,522
School's Covered Payroll		$ 367,457	$ 209,214	$ 202,800
School's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll		-14.14%	53.75%	56.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)		176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

The Academy for Urban Scholars - Youngstown

Mahoning County, Ohio

Required Supplementary Information

Schedule of School Contributions - Pensions

Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)						
Contractually Required Contribution	$ 41,517	$ 49,790	$ 43,552	$ 56,680	$ 80,647	$ 20,075
Contributions in Relation to the Contractually Required Contribution	(41,517)	(49,790)	(43,552)	(56,680)	(80,647)	(20,075)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 307,533	$ 368,815	$ 311,086	$ 404,857	$ 611,889	$ 144,841
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
State Teachers Retirement System (STRS)						
Contractually Required Contribution	$ 58,241	$ 51,444	$ 29,290	$ 28,392	$ 52,889	$ 30,418
Contributions in Relation to the Contractually Required Contribution	(58,241)	(51,444)	(29,290)	(28,392)	(52,889)	(30,418)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 416,007	$ 367,457	$ 209,214	$ 202,800	$ 377,779	$ 233,985
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

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

Academy for Urban Scholars - Youngstown
Mahoning County

Required Supplementary Information
Schedule of the School's Contributions – OPEB
Last Six Fiscal Years

	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)						
Contractually Required Contribution (1)	$ 1,891	$ 2,856	$ 1,108	$ 244	$ 6,287	$ 2,307
Contributions in Relation to the Contractually Required Contribution	(1,891)	(2,856)	(1,108)	(244)	(6,287)	(2,307)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 307,533	$ 355,643	$ 311,086	$ 404,857	$ 611,889	$ 144,841
OPEB Contributions as a Percentage of Covered Payroll (1)	0.61%	0.80%	0.36%	0.06%	1.03%	1.59%
State Teachers Retirement System (STRS)						
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,340
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0	(2,340)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
School's Covered Payroll	$ 416,007	$ 367,457	$ 209,214	$ 202,800	$ 377,779	$ 233,985
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

(1) Includes surcharge

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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 Benefit Terms - SERS

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 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 - STRS

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

NOTE 2 - NET OPEB ASSET/LIABILITY

Changes in Assumptions – SERS

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB asset/ liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare	
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Medicare	
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB asset/ liability. The Municipal Bond Index Rate increased from 2.92 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

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.

NOTE 2 - NET OPEB ASSET/LIABILITY (Continued)

Changes in Benefit Terms – STRS

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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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Academy for Urban Scholars - Youngstown
Mahoning County
1350 Fifth Avenue
Youngstown, Ohio 44504

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Academy for Urban Scholars - Youngstown, Mahoning County, Ohio (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated March 3, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted a certain matter not requiring inclusion in this report that we reported to the School's management in a separate letter dated March 3, 2020.

Purpose of this Report

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
March 3, 2020

OHIO AUDITOR OF STATE
KEITH FABER

ACADEMY FOR URBAN SCHOLARS YOUNGSTOWN

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 14, 2020