DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Dave Yost • Auditor of State

DAYTON LEADERSHIP ACADEMIES – DAYTON VIEW CAMPUS
MONTGOMERY COUNTY
JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Dayton Leadership Academies – Dayton View Campus
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Dayton Leadership Academies – Dayton View Campus, Montgomery County, (the School), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dayton Leadership Academies – Dayton View Campus, Montgomery County, as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

November 3, 2017

The discussion and analysis of the Dayton Leadership Academies-Dayton View Campus's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. 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 notes to enhance their understanding of the School's financial performance.

Financial Highlights

- In total, net position increased $53,688 from fiscal year 2015 as the School received a positive impact from the net pension reporting this year.
- The School realized a ($5,766,451) impact to the net position due to Governmental Accounting Standards Board (GASB) 68 Pension Reporting requirements.
- The cash balance decreased $83,424 from 2015 as state and federal grants coupled with the state foundation reduction were less than the prior year.
- The current year operating loss of $671,048 was dramatically better than the 2015 operating loss of $934,928. The School receives significant revenue from state and federal grants reported as non-operating revenue that is used to offset operating expenses; however, those revenues are reported below the operating loss line on the financial statements.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the School did financially during fiscal year 2016. These statements include all assets, deferred outflows, liabilities and deferred inflows using the full accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School's net position and the change in that position. This change in net position is important because it tells the reader whether the financial position of the School has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of the School's net position for fiscal year 2016 and fiscal year 2015:

(Table 1)
Net Position

	2016	2015	Change
Assets:			
Current Assets	$1,385,057	$1,383,650	$1,407
Depreciable Capital Assets, Net	122,150	197,419	(75,269)
Total Assets	1,507,207	1,581,069	(73,862)
Deferred Outflows - Pension	547,671	374,884	172,787
Liabilities:			
Current Liabilities	258,002	282,496	(24,494)
Net Pension Liability	5,418,468	5,237,208	181,260
Total Liabilities	5,676,470	5,519,704	156,766
Deferred Inflows - Pension	895,654	1,007,184	(111,530)
Net Position:			
Net Investment in Capital Assets	122,150	197,419	(75,269)
Restricted	0	1,528	(1,528)
Unrestricted	(4,639,396)	(4,769,882)	130,486
Total Net Position	($4,517,246)	($4,570,935)	$53,689

The Net Pension Liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB 68 requires the net pension liability equal the School's proportionate share of each plan's collective:

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

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

Total net position increased $53,688, although the total assets did drop as the cash balance went down from cash expenses exceeding revenues. Net capital assets decreased $75,269 as the current year depreciation exceeded the additions. Current liabilities decreased as the amount reported for accrued wages decreased from last year. The overall impact of the pension related items is the main reason the net position was positive. The largest impact was the School's proportionate share of the total system amounts for both STRS and SERS went down. This amount gets reported as a deferred inflow and amortized on the remaining service life but by doing so it increases the net position.

Table 2 shows the changes in net position for fiscal year 2016 and fiscal year 2015.

(Table 2)

Change in Net Position

	2016	2015	Change
Operating Revenues:			
Sales/Fees	$12,283	$5,248	$7,035
State Foundation	1,909,039	1,943,961	(34,922)
Charges for Service	1,014,056	1,036,465	(22,409)
Miscellaneous	860	64,113	(63,253)
Total Operating Revenues	2,936,238	3,049,787	(113,549)
Non-Operating Revenues:			
Federal and State Grants	724,736	746,176	(21,440)
Total Revenues	3,660,974	3,795,963	(134,989)
Operating Expenses:			
Salaries	1,733,170	2,040,767	(307,597)
Fringe Benefits	377,190	516,293	(139,103)
Purchased Services	1,285,604	1,284,634	970
Materials and Supplies	157,615	57,928	99,687
Depreciation	38,697	37,544	1,153
Other Expenses	15,010	47,549	(32,539)
Total Expenses	3,607,286	3,984,715	(377,429)
Change in Net Position	53,688	(188,752)	242,440
Net Position Beginning of Year	(4,570,934)	(4,382,183)	(188,751)
Net Position End of Year	($4,517,246)	($4,570,935)	$53,689

Community schools receive no support from tax revenues and rely on funding through the state foundation program and federal grants. Revenues decreased by 4% as funded enrollment and grant funding decreased. The School provides operating support to Early Learning Academy which accounts for the charges for services line. The salaries expense decreased 15% as the School decreased staff. The decrease in fringe benefits comes from the GASB 68 amortization entries that reduced to fringe benefits by $103,057. Materials and supplies almost tripled as the School spent more funds on technology equipment, which doesn't reach the capitalization threshold for reporting purposes.

Capital Assets

	Balance 6/30/16
Capital Assets, Being Depreciated:	
Building & Building Improvements	$36,446
Furniture and Equipment	195,229
Less Accumulated Depreciation:	
Building & Building Improvements	(4,527)
Furniture and Equipment	(104,998)
Governmental Activities Capital Assets, Net	$122,150

At the end of fiscal year 2016 the School had $122,150 (net of accumulated depreciation) invested in buildings, building improvements and furniture & equipment. For more information on capital assets see Note 5 to the basic financial statements.

Debt

The School has no debt at June 30, 2016.

Contacting the School's Financial Management

This financial report is designed to provide our citizens 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 Nicki Hagler, Treasurer at Dayton Leadership Academies-Dayton View Campus, 1416 West Riverview Avenue, Dayton, Ohio 45402, or e-mail at nicki@mangen1.com.

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DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION

AS OF JUNE 30, 2016

Assets:	
Current assets:	
Cash and cash equivalents	$ 1,058,467
Accounts receivable	95,791
Intergovernmental receivable	230,799
Total current assets	1,385,057
Noncurrent assets:	
Depreciable Capital assets	122,150
Total noncurrent assets	122,150
Total Assets	1,507,207
Deferred Outflows of Resources:	
Pension	547,671
Total Deferred Outflows of Resources:	547,671
Liabilities:	
Current liabilities	
Accounts payable	119,619
Accrued wages and benefits payable	116,891
Intergovernmental payable	21,492
Total current liabilities	258,002
Long term liabilities	
Net Pension Liability	5,418,468
Total long term liabilities	5,418,468
Total Liabilities	5,676,470
Deferred Inflows of Resources:	
Pension	895,654
Total Deferred Inflows of Resources:	895,654
Net Position:	
Net investment in capital assets	122,150
Unrestricted	(4,639,396)
Total Net Position	$ (4,517,246)

See accompanying notes to the basic financial statements

DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2016

Operating Revenues:		
Foundation payments	$	1,909,039
Sales		6,283
Classroom fees		6,000
Charges for services		1,014,056
Other operating revenues		860
Total operating revenues		2,936,238
Operating Expenses:		
Salaries		1,733,170
Fringe benefits		377,190
Purchased services		1,285,604
Materials and supplies		157,615
Depreciation		38,697
Other operating expenses		15,010
Total operating expenses		3,607,286
Operating Loss		(671,048)
Non-Operating Revenues:		
Federal and state grants		724,736
Total non-operating revenues		724,736
Change in net position		53,688
Net position at beginning of year		(4,570,934)
Net position at end of year	$	(4,517,246)

See accompanying notes to the basic financial statements

DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2016

Increase (Decrease) in cash and cash equivalents	
Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	$ 1,906,781
Cash received from Sales/Fees	12,283
Cash received from Early Learning Academy	995,636
Cash received from other operating revenues	860
Cash payments for personal services	(2,281,500)
Cash payments for contract services	(1,300,262)
Cash payments for supplies and materials	(74,675)
Cash payments for other expenses	(30,010)
Net cash used for operating activities	(770,887)
Cash flows from noncapital financing activities:	
Cash received from state and federal grants	696,497
Net cash provided by noncapital financing activities	696,497
Cash flows from capital and related financing activities:	
Acquisition of Capital Assets	(9,034)
Net cash used by capital and related financing activities	(9,034)
Net change in cash and cash equivalents	(83,424)
Cash and Cash Equivalents at beginning of year	1,141,891
Cash and Cash Equivalents at end of year	1,058,467

Reconciliation of operating loss to net cash used for operating activities:

Operating loss	(671,048)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	38,697
Change in assets and liabilities:	
Increase in accounts receivable	(18,420)
Increase in intergovernmental receivable	(38,171)
Increase in deferred outflows	(172,787)
Increase in accounts payable	48,015
Decrease in deferred inflows	(111,530)
Decrease in accrued wages and benefits	(25,714)
Decrease in intergovernmental payable	(1,189)
Increase in net pension liability	181,260
Net cash used for operating activities	$ (770,887)

Noncash Transactions: The School had outstanding intergovernmental receivables related to non-operating grants of $192,628 at June 30, 2016.

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Alliance Community School, Inc. "Doing Business As" Dayton Leadership Academies-Dayton View Campus (the "School"), formally known as Dayton View Academy School, is a 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. Specifically, the School's purpose is to be a charter school serving children from grade three through grade eight. The School, which is part of the state's education program, is to operate or arrange for the operation of schools in the Dayton, Ohio area. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. On October 5, 2009 the School officially changed its name from Dayton View Academy School to Dayton Leadership Academies-Dayton View Campus.

The School qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax-exempt status.

The creation of the School was initially proposed to the Ohio State Board of Education, the sponsor, by the Board of Trustees of Alliance Community Schools, Inc. (the "Board") on November 9, 1998. The Ohio State Board of Education approved the proposal and entered into a contract with the Board, which provided for the commencement of School operations beginning with the 2001 academic year and terminated upon conclusion of fiscal year 2005.

The contract with the Ohio State Board of Education was not renewed and the School entered a sponsor contract with the Thomas B. Fordham Foundation for the period July 1, 2005 through June 30, 2010. The School renewed the sponsor contract with the Thomas B. Fordham Foundation for the period of July 1, 2010 through June 30, 2011. The sponsor contract was renewed for the period of July 1, 2011 through June 30, 2013. The sponsor contract was renewed for the period of July 1, 2013 through June 30, 2015. The sponsor contract was renewed for an additional year through June 30, 2016. The sponsor contract was renewed for an additional year through June 30, 2017.

The School operates under a six member Board of Trustees. This Board of Trustees exercises its authority by appointing a separate Board of Governance for the School. The Board of Trustees is responsible for carrying out the provisions of the sponsor contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The School is associated with the Metropolitan Educational Technology Association, which is defined as a jointly governed organization. It is a computer consortium of area schools sharing computer resources. (See Note 14)

Alliance Community Schools, Inc. has two divisions. These divisions operate under the names of Early Learning Academy and Dayton Leadership Academies-Dayton View Campus.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

During the fiscal year, the School segregates transactions related to certain School functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For financial reporting, the School uses a single enterprise fund presentation.

Enterprise fund reporting focuses on the determination of the change in net position, financial positions and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Measurement Focus

The accounting and financial reporting treatment of an entity's financial transactions is determined by the entity's measurement focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. Within this measurement focus, all assets, deferred outflows, all liabilities and deferred inflows associated with the operation of the School are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The statement of cash flows provides information about how the School finances and meets its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurements made. The School's financial statements are prepared using the full accrual basis of accounting.

D. Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the School on a reimbursement basis.

E. Expenses

Expenses are recognized at the time they are incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Equity in Pooled Cash

The School maintains a checking account. All funds of the School are maintained in this account. This account is presented on the Statement of Net Position as "Cash and Cash Equivalents".

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of $1,000.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Capital assets are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight line method over the following useful lives:

Description	Estimated Lives
Buildings	50 years
Building Improvements	25 years
Furniture and Equipment	5 years

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. These revenues are primarily foundation payments from the State and sales for food services. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

I. Intergovernmental Revenues

The School currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

J. Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in 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 prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

L. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The School had no restricted net position as of June 30, 2016.

M. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 7.

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. For the School, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the statement of net position. (See Note 7)

N. Pensions

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

O. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported on the Statement of Net Position.

NOTE 3 – DEPOSITS AND INVESTMENTS

Articles of Incorporation, Article VI, states that the assets of the School may be invested in obligations issued or guaranteed by the United States of America or any agency thereof, obligations of state governments and municipal corporations, real estate mortgage, savings deposits, corporate bonds, and notes and carefully selected preferred stocks.

NOTE 3 – DEPOSITS AND INVESTMENTS (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateralized securities that are in the possession of an outside party. At fiscal year end, $818,980 of the School's bank balance of $1,068,980 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution. At June 30, 2016, the carrying amount of the School's deposits was $1,058,467.

The School has no policy for custodial credit risk for deposits.

The School held no investments during fiscal year 2016.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2016, consisted of intergovernmental (Federal and State grants). All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

SERS Refund	$13,852
STRS Refund	24,319
Food Service Subsidy	15,572
Title VI-B Grant	28,288
School Improvement Grant	21,558
Title I Grant	121,587
Title II-A Grant	5,623
Total Intergovernmental Receivable	$230,799

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2016 was as follows:

	Balance 6/30/15	Additions	Deductions		Balance 6/30/16
Capital Assets, Being Depreciated:					
Building	$36,446	$0	$0		$36,446
Furniture and Equipment	231,801	9,034	(45,606)	*	195,229
Less Accumulated Depreciation:					
Building	(3,069)	(1,458)	-		(4,527)
Furniture and Equipment	(67,759)	(37,239)	0		(104,998)
Governmental Activities Capital Assets, Net	$197,419	($29,663)	($45,606)		$122,150

* accounts payable amounts from prior year

NOTE 6 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2016, the School carried insurance purchased through School Insurance Consultants for general liability, business personal property, employee dishonesty, excess liability, automobile liability, educator's legal liability, employment practices liability, and directors and officers liability insurance.

The general liability provides $1,000,000 per occurrence and $3,000,000 in the aggregate with no deductible that also provides a separate $500,000 limit for damaged to rented premises. The automobile liability provides $1,000,000 per occurrence with no deductible. The property insurance provides $12,885,299 for building and contents and carries a $2,500 deductible. The Ohio employers' liability provides $1,000,000 for each employee and $1,000,000 in the aggregate. Excess liability is provided at a $1,000,000 limit with $1,000,000 in the aggregate. Computer equipment is provided at a $1,000,000 limit with a $500 deductible. There has been no reduction in coverage from the prior year and settled claims have not exceeded the School's coverage in any of the past three years.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the 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.

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.

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* on both the accrual and modified accrual bases of accounting.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years for service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service with 2.5 percent for years of service credit or $86 multiplied by the years of service credit. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $67,179 for fiscal year 2016. Of this amount $6,635 is reported as an intergovernmental payable.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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. 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, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that 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.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 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 2016 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was $182,505 for fiscal year 2016. Of this amount $13,159 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net			
Pension Liability	$1,054,983	$4,363,485	$5,418,468
Proportion of the Net Pension			
Liability	0.018489%	0.01578852%	
Pension Expense	$102,826	$210,086	$312,912

At June 30, 2016, 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			
Net difference between projected and			
actual earnings on pension plan investments	$ 78,946	$ -	$ 78,946
Differences between expected and			
actual experience	18,441	200,600	219,041
School contributions subsequent to the			
measurement date	67,179	182,505	249,684
Total Deferred Outflows of Resources	$ 164,566	$ 383,105	$ 547,671
Deferred Inflows of Resources			
Difference between School contributions			
and proportionate share of contributions	$6,668	$41,839	$48,507
Changes in proportionate share	173,109	186,217	359,326
Net difference between projected and			
actual earnings on pension plan investments	$141,705	$346,116	$487,821
Total Deferred Inflows of Resources	$321,482	$574,172	$895,654

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

$249,684 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 year ending June 30, 2017. 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:			
2017	($79,030)	($141,525)	($220,555)
2018	(79,030)	(141,525)	(220,555)
2019	(79,040)	(141,525)	(220,565)
2020	13,005	51,003	64,008
Total	($224,095)	($373,572)	($597,667)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

The most recent experience study was completed June 30, 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 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 net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$1,462,883	$1,054,983	$711,498

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Changes between Measurement Date and Report Date

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75% percent to 7.5% percent. Although the exact amount of these changes is not known, the impact to the District's net pension liability is expected to be significant.

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percentage at age 20
Investment Rate of Return	7.75 percent, net of investments expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent year; for members retiring August 1, 2013 or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years; one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

*10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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 calculated using the current period discount rate assumption of 7.75 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School's proportionate share of the net pension liability	$6,061,210	$4,363,485	$2,927,806

NOTE 8 – POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

NOTE 8 – POSTEMPLOYMENT BENEFITS (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was $7,527.

The School's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $8,694, and $5,297, respectively. The full amount has been contributed for fiscal years 2016, 2015, and 2014.

State Teachers Retirement System

Plan Description – The School participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. 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 Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $0, and $12,128 respectively. The full amount has been contributed for fiscal years 2016, 2015, and 2014.

NOTE 9 – EMPLOYEE BENEFITS

The School has elected to provide employee medical benefits through Anthem. The employees pay 25% of the cost of the monthly premium while the Board of Education pays 75% of the cost. The percentage varies depending upon the plan elected by the employee. The School also provides life insurance through Lincoln National Life Insurance.

NOTE 10 – RELATED PARTY TRANSACTIONS

A. Alliance Edison, LLC (AE)

The School leases its facilities and land from Alliance Edison, LLC (AE). The lease expense for the year ended June 30, 2016 was $7,727. Additionally, the School paid Alliance Edison, LLC, $21,198 for real estate taxes and $5,225 for property rental accounting services. AE's sole purpose is to acquire and hold title to, maintain and develop certain real estate properties for the exclusive support and benefit of a system of educational organizations. (See Note 11)

NOTE 10 – RELATED PARTY TRANSACTIONS (continued)

B. Board of Governance

Dayton Leadership Academies-Dayton View Campus and Dayton Leadership Academies-Early Learning Academy share the same Board of Governance.

C. Thomas B. Fordham Foundation

The School contract requires 2.5 percent of all funds received from State foundation revenues to be transferred to the Thomas B. Fordham Foundation for sponsorship fees. Total payments made during the period ended June 30, 2016 were $44,767.

D. Early Learning Campus

The School provided staff to the Early Learning Campus through a purchased services contract. The School received reimbursement from the Early Learning Academy totaling $987,116 during fiscal year 2016.

NOTE 11 – LEASES

The School subleases a building and 5.8494 acres through Alliance Edison (AE). (See note 10A). AE leases the land from the Dayton Metropolitan Housing Authority (DMHA). The term of the lease commenced on July 1, 2009 through June 30, 2014. The School subsequently renewed the lease and the current lease term is effective from July 2015 through July 2020. The School agreed to pay AE, as rent for the land, an amount equal to the land lease owed to the DMHA; plus an amount equal to the debt service relating to any financing obtained; plus loan closing costs, ongoing loan administration costs associated with any financing secured by the premises, including but not limited to, costs associated with satisfying the financial reporting and periodic appraisal requirements; plus out of pocket expenses incurred by AE. Rent paid for the land and building for the fiscal year ended June 30, 2016 was $7,727.

NOTE 12 – CONTINGENCIES

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 disallowed claims will not have a material adverse effect on the financial position of the School.

B. State Funding

The School's Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, the School must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School, which can extend past the fiscal year end. As of the date of this report, ODE finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the School. These adjustments resulted in a receivable of $18,547 which was paid to the School in fiscal year 2017 by ODE.

NOTE 13 – PURCHASED SERVICES

For the fiscal year ended June 30, 2016, purchased services expenses for services rendered by various vendors were as follows:

Professional and technical services	$ 337,110
Property Services	318,066
Travel and meetings	4,593
Communications	36,214
Utilities	109,303
Food Service	278,897
Tuition	9,521
Transportation	131,402
Other	60,498
	$ 1,285,604

NOTE 14 – JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Technology Association – On July 1, 2015, the School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA). On January 1, 2016, MDECA merged with the Metropolitan Education Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice-president and nine board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting, and designating management. Each member's degree of control is limited to its representation on the Board. Prior to the merger, the School paid MDECA $1,827. After the merger, the School paid META $1,079 for services provided during the fiscal year.

Financial information can be obtained from David Varda, who serves as the Chief Financial Officer at 100 Executive Drive, Marion, Ohio 43302.

NOTE 15 – LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2016 were as follows:

Description	Outstanding 06/30/15	Additions	Deductions	Outstanding 06/30/16
Net Pension Liability				
STRS	$4,073,090	$290,395	$0	$4,363,485
SERS	1,164,118	0	109,135	1,054,983
Total	$5,237,208	$290,395	$109,135	$5,418,468

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2016, the School has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73. "Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GAS Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pool and Pool Participants".

GASB Statement No. 72 clarifies the definition fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. These changes were incorporated in the School's fiscal year 2016 note disclosures; however, there was no effect on the beginning net position.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School.

Dayton Leadership Academies - Dayton View Campus
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School 's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Three Fiscal Years (1)

	2015	2014	2013
The School 's Proportionate of the Net Pension Liability	0.018489%	0.023002%	0.023002%
The School 's Proportionate Share of the Net Pension Liability	1,054,983	1,164,118	1,367,855
The School 's Covered-Employee Payroll	591,988	556,306	321,936
The School 's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	178.21%	209.26%	424.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

Dayton Leadership Academies - Dayton View Campus
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School 's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

	2015	2014	2013
The School 's Proportionate of the Net Pension Liability	0.01578852%	0.01674552%	0.01674552%
The School 's Proportionate Share of the Net Pension Liability	4,363,485	4,073,090	4,851,838
The School 's Covered-Employee Payroll	1,769,571	1,212,846	1,474,108
The School 's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	246.58%	335.83%	329.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

Dayton Leadership Academies - Dayton View Campus
Montgomery County, Ohio
Required Supplementary Information
Schedule of the School 's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contributions	$ 67,179	$ 78,024	$ 77,104	$ 44,556	$ 162,252	$ 130,393	$ 96,770	$ 31,592	$ 83,268	$ 34,821
Contributions in Relation to the Contractually Required Contribution	(67,179)	(78,024)	(77,104)	(44,556)	(162,252)	(130,393)	(96,770)	(31,592)	(83,268)	(34,821)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The School Covered-Employee Payroll	$ 479,850	$ 591,988	$ 556,306	$ 321,936	$ 1,206,335	$ 1,037,335	$ 714,697	$ 321,057	$ 847,943	$ 326,039
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Dayton Leadership Academies - Dayton View Campus
Montgomery County, Ohio
Required Supplementary Information
Schedule of the Academy's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contributions	$ 182,505	$ 247,740	$ 157,670	$ 191,634	$ 219,538	$ 228,339	$ 221,832	$ 303,877	$ 167,984	$ 258,839
Contributions in Relation to the Contractually Required Contribution	(182,505)	(247,740)	(157,670)	(191,634)	(219,538)	(228,339)	(221,832)	(303,877)	(167,984)	(258,839)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
The Academy Covered-Employee Payroll	$ 1,303,607	$ 1,769,571	$ 1,212,846	$ 1,474,108	$ 1,688,754	$ 1,756,454	$ 1,706,400	$ 2,337,515	$ 1,292,185	$ 1,991,069
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

DAYTON LEADERSHIP ACADEMY - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
Passed through Ohio Department of Education						
Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	$72,612		$72,612	
National School Lunch Program	10.555	N/A	107,096	$12,330	107,096	$12,330
Total Child Nutrition Cluster			179,708	12,330	179,708	12,330
Fresh Fruit and Vegetable Program	10.582	N/A	16,592		16,592	
Total U.S. Department of Agriculture			196,300	12,330	196,300	12,330
U.S. Department of Education						
Passed through Ohio Department of Education						
Title I Grants to Local Educational Agencies	84.010	S010A150035	306,441		367,491	
Special Education Cluster:						
Special Education_Grants to States	84.027	H027A150111	83,496		101,055	
Total Special Education Cluster			83,496		101,055	
Improving Teacher Quality State Grants	84.367	S367A150034	61,508		43,451	
State Fiscal Stablization Fund - Race-to-the-Top, Incentive Grants	84.395	N/A	45,607		45,607	
Total U.S. Department of Education			497,052		557,604	
Total Federal Financial Assistance			$693,352	$12,330	$753,904	$12,330

See accompanying notes to the Schedule of Receipts and Expenditures of Federal Awards.

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Dayton Leadership Academy – Dayton View Campus (the School's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – SUB-RECIPIENTS

The School did not provide funds to sub-recipients during the audit period.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

The School reports commodities consumed on the Schedule at the entitlement value. The School allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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

Dayton Leadership Academies – Dayton View Campus
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Dayton Leadership Academies – Dayton View Campus, Montgomery County, (the School) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 3, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

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www.ohioauditor.gov

School's Response to Finding

The School's responses to the finding identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the School's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

November 3, 2017

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

Dayton Leadership Academies – Dayton View Campus
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Dayton Leadership Academy-Dayton View Campus's (the School's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Dayton Leadership Academy-Dayton View Campus's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies program

As described in finding 2016-002 in the accompanying schedule of findings, the School did not comply with requirements regarding Allowable Cost/Cost Principles applicable to its CFDA 84.010 Title I Grants to Local Educational Agencies major federal program. Compliance with this requirement is necessary, in our opinion, for the School to comply with requirements applicable to this program.

Qualified Opinion on Title I Grants to Local Educational Agencies program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on* Title I Grants to Local Educational Agencies paragraph, the Dayton Leadership Academy-Dayton View Campus complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I Grants to Local Educational Agencies program, CFDA 84.010, for the year ended June 30, 2016.

The School's response to our noncompliance finding is described in the accompanying corrective action plan. We did not audit the School's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2016-002.

The School's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not audit the School's response and, accordingly, we express no opinion on it.

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

November 3, 2017

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DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR §200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Title I Grants to Local Educational Agencies (CFDA #84.010)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

FINDING NUMBER 2016-001

NONCOMPLIANCE & FINDING FOR RECOVERY REPAID UNDER AUDIT – UNSUPPORTED EXPENDITURES

Ohio Rev. Code Section 149.351(A) states, in part, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as as provided by law or under the rules adopted by the records commissions provided for under Section 149.38 to 149.42 of the Revised Code.

FINDING NUMBER 2016-001
(Continued)

***State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951)**, provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005** Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The School's Dean of Students, Eric Wright, was reimbursed for the following expenditures, which were approved by the School's Executive Director, Theodore Wallace and Treasurer, Tammy Emrick that could not be supported with underlying documentation and were therefore not deemed to be for a proper public purpose:

Date	Check Number	Amount
9/11/2015	1967	$48.23
12/30/2015	2046	83.73
2/16/2016	2084	33.50
5/10/2016	2152	100.50
6/24/2016	2196	121.24
	Total	$387.20

There was no indication that the Board approved these expenditures. Additionally, there was no documentation to support that the payments were otherwise for a proper public purpose. Without proper supporting documentation, it is not possible to determine if the expenditures included items that would not be considered a proper public purpose. The School's failure to maintain adequate support for these expenditures could result in a loss of accountability over the School's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dean of Students, Eric Wright, Executive Director, Theodore Wallace, Treasurer, Tammy Emrick and the Treasurer's Bonding Company, Travelers Casualty and Surety Company of America, jointly and severally, in favor of the Dayton Leadership Academy - Dayton View Campus in the amount of $387.20. Tammy Emrick paid the entire finding amount $387.20 via check 1485 on November 14, 2017 to the School's General Fund on November 14, 2017 via receipt number 32150.

Official's Response:

See Corrective Action Plan on page 45.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONCOMPLIANCE & MATERIAL WEAKNESS – ALLOWABLE COSTS/COST PRINCIPLES (TIME AND EFFORT CERTIFICATIONS)

Finding Number	2016-002		
CFDA Title and Number	Title I Grants to Local Educational Agencies (CFDA 84.010)		
Federal Award Identification Number / Year	2016		
Federal Agency	United States Department of Education		
Pass-Through Entity	Ohio Department of Education		
Repeat Finding from Prior Audit?	No	**Finding Number? (if repeat)**	

2 C.F.R. 3474 gives regulatory effect to the Department of Education for **2 C.F.R. § 200.430 (a)(1)** which states in part cost of compensation for employees is allowable if the compensation is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities. In addition, **2 C.F.R. § 200.430 (h)(8)** which states in part that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
(ii) Be incorporated into the official records of the non-Federal entity;
(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
(v) Comply with the established accounting policies and practices of the non-Federal entity and
(vi) [Reserved]
(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

The School's policy is for time and effort documentation to be signed by the employee and their supervisor. The School failed to maintain proper time and effort documentation for the wages paid to one of seven employees tested (14%) that were paid from both Title I funds and other General Fund activities. The time and effort forms were signed by the Executive Director, but not the employee. The total wages charged to the Title I program for this employee totaled $3,057.

To avoid potential loss of, or decrease of federal funding, policies and procedures should be established and implemented by which each employee working on a federal program and other school activities will complete time and effort documentation to support the specific amount of time spent on federal program activities and other school activities. This documentation should be an "after the fact" representation of the hours worked and can be in the form of a time sheet. Therefore, this documentation should be completed in a reasonably short time after the end of the period the certification is meant to cover. All certifications should include full disclosure of the facts and should include credible signatures of the employee and supervisor.

Official's Response: See Correction Action Plan on page 45.

DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Noncompliance and Significant Deficiency - Reporting of student attendance was not accurate	Not Corrected	Repeated as a Management Letter comment

DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY

CORRECTIVE ACTION PLAN
JUNE 30, 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	The Treasurer was replaced on June 30, 2016. With the new finance team, new internal controls were implemented. These internal controls, which include identifying purchases as proper public purpose before expenditures are incurred, are expected to be followed before payments or reimbursements are made.	7/1/16	Nicki Hagler, Treasurer
2016-002	The Treasurer was replaced on June 30, 2016. With the new finance team, a new task management system is in use. This task management system ensures items like Single Funding Certifications are created and maintained for all Federally-funded employees.	7/1/16	Nicki Hagler, Treasurer

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DAYTON LEADERSHIP ACADEMIES- DAYTON VIEW

MONTGOMERY 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
FEBRUARY 1, 2018