

CONSTELLATION SCHOOLS:
ELYRIA COMMUNITY
LORAIN COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Constellation School Elyria Community
300 North Abbe Road
Elyria, Ohio 44035

We have reviewed the *Independent Auditor's Report* of the Constellation School Elyria Community, Lorain County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 12, 2022

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**CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
LORAIN COUNTY, OHIO**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Constellation Schools: Elyria Community
Lorain County, Ohio
300 N Abbe Rd,
Elyria, OH 44035

Report on the Financial Statements

We have audited the accompanying financial statements of the Constellation Schools: Elyria Community, Lorain County, Ohio, (the "School") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Constellation Schools: Elyria Community, Lorain County, Ohio, as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The *Schedule of Expenditures of Federal Awards*, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Schedule of Expenditures of Federal Awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
March 24, 2022

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

Management's Discussion and Analysis

For the Year Ended June 30, 2021

(Unaudited)

The discussion and analysis of Constellation Schools: Elyria Community (EC) financial performance provides an overall review of financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the financial performance of EC as a whole. Readers should also review the Notes to the Financial Statements and the Financial Statements to enhance their understanding of the financial performance of EC.

Financial Highlights

Key financial highlights for 2021 include the following:

- Net position increased \$861,765, which represents a 50.74% increase from 2020.
- Total assets and deferred outflow of resources increased \$343,435 which represents a 6.37% increase from 2020.
- Liabilities and deferred inflow of resources decreased \$518,330, which represents a 7.31% decrease from 2020.
- Operating revenues decreased by \$546,503, which represents a 14.98% decrease from 2020.
- Expenses decreased \$216,947 which represents a 4.74% increase from 2020.
- Non-operating revenues increased by \$998,390 which represents a 9.47% increase from 2020.
- During fiscal year 2021, the school refinanced its current mortgage with CF Bank with IFF in the amount of \$1,055,109 for a fifteen year term.

Using this Financial Report

This report consists of three parts: the Financial Statements, Notes to the Financial Statements and Required Supplementary Information. The Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

Statement of Net Position

The Statement of Net Position looks at how well EC has performed financially through June 30, 2021. This statement includes all of the assets, deferred outflow of resources, liabilities deferred inflow of resources and net position using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This basis of accounting takes into account all revenues earned and expenses incurred during the year, regardless as to when the cash is received or expended. The following schedule provides a summary Statement of Net Position for fiscal years ended June 30, 2021 and 2020 for EC.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

Management's Discussion and Analysis

For the Year Ended June 30, 2021

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Assets and Deferred Outflow of Resources				
Cash	\$1,323,211	\$1,460,154	(\$136,943)	-9.38%
Other Current Assets	724,075	78,234	645,841	825.52%
Non-Current Assets	27,254	27,254	-	0.00%
Net OPEB Assets	248,060	255,359	(7,299)	-2.86%
Capital Assets, Net	2,652,273	2,650,413	1,860	0.07%
Deferred Outflow of Resources	<u>760,902</u>	<u>920,926</u>	<u>(160,024)</u>	<u>-17.38%</u>
Total Assets and Deferred Outflow of Resources	<u>5,735,775</u>	<u>5,392,340</u>	<u>343,435</u>	<u>6.37%</u>
Liabilities and Deferred Inflow of Resources				
Current Liabilities	327,664	1,478,664	(1,151,000)	-77.84%
Long-Term Liabilities	5,303,122	4,687,790	615,332	13.13%
Deferred Inflow of Resources	<u>941,699</u>	<u>924,361</u>	<u>17,338</u>	<u>1.88%</u>
Total Liabilities and Deferred Inflow of Resources	<u>6,572,485</u>	<u>7,090,815</u>	<u>(518,330)</u>	<u>-7.31%</u>
Net Position				
Net Investment in Capital Assets	1,604,473	1,595,304	9,169	0.57%
Unrestricted	<u>(2,441,183)</u>	<u>(3,293,779)</u>	<u>852,596</u>	<u>25.89%</u>
Total Net Position	<u>(\$836,710)</u>	<u>(\$1,698,475)</u>	<u>\$861,765</u>	<u>50.74%</u>

Cash decreased from the prior year due to operation of the school. Other Assets increased due to an increase in due from other governments for receivables related to CARES Act funding that was spent but not reimbursed at year end, offset by decreases in prepaid expenses. Current liabilities decreased due to annual principal payments made on outstanding loans and the forgiveness of the PPP loan by SBA during 2021, in addition to the mortgage payable being restructured into a Long-term liabilities.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

Management's Discussion and Analysis

For the Year Ended June 30, 2021

(Unaudited)

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position reports operating and non-operating activities for the fiscal year ended June 30, 2021.

The following schedule provides a summary of the Statement of Revenues, Expenses and Changes in Net Position for EC for fiscal years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Revenues				
State Aid	\$2,919,101	\$3,424,721	(\$505,620)	-14.76%
Casino Tax Distribution	17,244	25,496	(8,252)	-32.37%
Other Operating Revenues	164,707	197,338	(32,631)	-16.54%
Total Operating Revenues	<u>3,101,052</u>	<u>3,647,555</u>	<u>(546,503)</u>	<u>-14.98%</u>
Debt Forgiveness	394,996	-	394,996	100.00%
Federal and State Grants	1,726,171	1,122,777	603,394	53.74%
Total Non-Operating Revenues	<u>2,121,167</u>	<u>1,122,777</u>	<u>998,390</u>	<u>88.92%</u>
Total Revenues	<u>5,222,219</u>	<u>4,770,332</u>	<u>451,887</u>	<u>9.47%</u>
Expenses				
Salaries	1,975,675	1,981,197	(5,522)	-0.28%
Fringe Benefits	735,480	901,774	(166,294)	-18.44%
Purchased Services	1,161,401	1,250,527	(89,126)	-7.13%
Materials and Supplies	281,721	140,710	141,011	100.21%
Interest Expense	34,229	64,627	(30,398)	-47.04%
Depreciation and Amortization	119,458	118,776	682	0.57%
Other Expenses	52,490	119,790	(67,300)	-56.18%
Total Expenses	<u>4,360,454</u>	<u>4,577,401</u>	<u>(216,947)</u>	<u>-4.74%</u>
Changes in Net Position	<u>861,765</u>	<u>192,931</u>	<u>668,834</u>	<u>346.67%</u>
Net Position: Beginning of the Year	<u>(1,698,475)</u>	<u>(1,891,406)</u>	<u>192,931</u>	<u>10.20%</u>
Net Position: End of Year	<u>(\$836,710)</u>	<u>(\$1,698,475)</u>	<u>\$861,765</u>	<u>50.74%</u>

The most significant changes in revenues from 2020 to 2021 are decreases of \$505,620 in State Aid due to a reduction in enrollment. Increases in federal and state grants of \$603,394 was due to additional allocations of federal funding from CARES Act resources. Debt forgiveness increased due to forgiveness of the PPP loan by SBA during the year.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

Management's Discussion and Analysis

For the Year Ended June 30, 2021

(Unaudited)

The most significant expense changes to note are an increase in material and supplies related to additional CARES Act funding for cleaning supplies at the school, a decrease of fringe benefits due to the changes in accruals related to GASB 68/75, and a decrease in purchased supplies based on the contract with the school management company which is based on a percentage of state aid.

Capital Assets

As of June 30, 2021, EC had \$2,652,273 invested in land, building, building improvements, technology and software, and furniture and equipment, net of depreciation. This is a \$1,859 increase from June 30, 2020.

The following schedule provides a summary of Capital Assets as of June 30, 2021 and 2020 for EC.

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%</u>
Capital Assets (net of depreciation)				
Land	\$422,900	\$422,900	\$ -	0.00%
Building	1,377,994	1,407,799	(29,805)	-2.12%
Building Improvements	825,518	783,652	41,866	5.34%
Technology and Software	-	5,486	(5,486)	-100.00%
Furniture and Equipment	25,861	30,577	(4,716)	-15.42%
Net Capital Assets	<u>\$2,652,273</u>	<u>\$2,650,414</u>	<u>\$1,859</u>	<u>0.07%</u>

For more information on capital assets see Note V to the Financial Statements.

Debt Service

On August 23, 2004 EC purchase the Allen School building for the instructional operations of the school. On November 21, 2013 the Eastgate School building was purchased to operate the schools' middle school grades.

Financing of the first purchase was accomplished through two mortgages. The first mortgage held by PNC Bank with an original face value of \$918,000, a term of fifteen years and an interest rate of 7.69% per annum was refinanced in November 2013 with CF Bank. The CF Bank mortgage was issued in the amount of \$535,000 for a five-year term at 4.75% interest. The note amortizes based on a fifteen-year schedule with a balloon payment due at the end of the fifth year. The second mortgage, which was paid off during previous fiscal years, was held by Horizon Activities Center. The CF Bank loan was refinanced in November 2018, as detailed below.

On November 21, 2013 EC entered into two mortgage agreements relating to the purchase of the Eastgate School property. A first mortgage is held by CF Bank in the amount of \$1,020,000 with a six-year term at 4.75% interest. The first year of the note was an acquisition and construction note with principal payments deferred until the second year. Amortization of the note began in the second year based on a fifteen-year schedule with a balloon payment due at the end of the sixth year. A second

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

Management's Discussion and Analysis

For the Year Ended June 30, 2021

(Unaudited)

position mortgage note of \$250,000 was obtained from Eastgate Company LLC (the seller) for a period of five years at 4% interest as part of the building purchase. The Eastgate Company LLC mortgage was paid in full during the fiscal year ending June 30, 2019. The CF loan was refinanced in November 2018, as detailed below.

During fiscal year 2019, EC and CF Bank agreed to combine the two existing CF Bank mortgage notes into one note effective December 6, 2018. The replacement note carries a face value of \$1,205,114, interest at approximately 5.54% annually and be for a term of two years. Payments will be calculated based on a ten-year repayment schedule with a balloon payment due at the end of the second year.

On December 30, 2020 the School refinanced its mortgage with CF Bank through IFF. The refinanced mortgage carries a face value of \$1,055,109, interest at approximately 5.25% annually and for a term of fifteen years.

For more information on debt service see the Notes to the Financial Statements.

Equipment Financing

During fiscal year 2015, EC entered into a 44-month lease for \$54,623 worth of technology equipment with Celtic Leasing (which was fully depreciated as of June 30, 2019). During fiscal year 2016, EC entered into another 48-month lease with Winthrop Resources Corporation for \$55,134 worth of technology equipment (which is fully depreciated as of June 30, 2020). During fiscal year 2017, EC entered into another 48-month lease with Winthrop Resources Corporation for \$26,335 worth of technology equipment (which is fully depreciated as of June 30, 2021).

In May of 2020 EC converted all remaining obligations under all leases with Winthrop (now known as TCF) to a financed purchase with a term of 27 months and no interest due. EC has title to all equipment. Equipment serves as collateral during the term. In the event of default, TCF may declare all obligations due and payable. The outstanding debt as of June 30, 2021 is \$35,356.

For more information on equipment financing see the Notes to the Financial Statements.

PPP Loans

During the fiscal year 2020, the school applied for and received a Paycheck Protection Program loan totaling \$391,000. During 2021, principal and any accumulated interest was forgiven by the U.S. Small Business Administration and the Bank.

For more information on PPP Loans see the Notes to the Financial Statements.

Net Pension and Other Post-Employment Benefits (OPEB) Liabilities/Asset

The net pension and OPEB liability is the largest single liability reported by EC at June 30, 2021 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and GASB Statement 75, *Accounting and Financial Reporting for*

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

Management's Discussion and Analysis

For the Year Ended June 30, 2021

(Unaudited)

Postemployment Benefits Other Than Pensions, which significantly revises accounting for costs and liabilities related to pension and other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of EC's actual financial condition by adding deferred inflow related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflow related to pension and OPEB and net OPEB asset.

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

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

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

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

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

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

Management's Discussion and Analysis

For the Year Ended June 30, 2021

(Unaudited)

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

In accordance with GASB 68 and GASB 75, EC's statements include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflow/outflow.

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

Current Financial Issues

EC opened in the fall of 2001. During this time, we have purchased two educational facilities. The second facility was purchased in November 2013 from the previous landlord of the building. This purchase allowed the school to continue expansion at a second location for middle school grades. Enrollment increases continue due to the reputation of the school. During 2016 a property was purchased by the original facility to construct a parking lot for use by the school.

The Board of Directors, school management and school staff continue to work diligently to ensure that EC maintains the highest level of educational services and financial integrity that we have always provided. Our goal continues to be providing a strong educational product for our students and families and to maintain the reputation we have developed during our previous years.

Contacting the School's Financial Management

This financial report is designed to provide our constituents with a general overview of the finances for EC and to show accountability for the monies it receives. If you have any questions about this report or need additional information please contact Dave Massa, Treasurer, by mail at Constellation Schools LLC, 5730 Broadview Road, Parma, Ohio 44134; by calling 216.712.7600; or by faxing 216.712.7601.

Constellation Schools: Elyria Community Elementary
Lorain County, Ohio
Statement of Net Position
As of June 30, 2021

Assets:

Current Assets:

Cash	\$ 1,323,211
Accounts Receivable	26,954
Prepaid Expenses	17,286
Due from Other Governments	679,835
<i>Total Current Assets</i>	<u>2,047,286</u>

Non-Current Assets:

Security Deposits	27,254
Net OPEB Assets	248,060
Non-Depreciable Capital Assets	422,900
Capital Assets (Net of Accumulated Depreciation)	2,229,373
<i>Total Non-Current Assets</i>	<u>2,927,587</u>
<i>Total Assets</i>	<u>4,974,873</u>

Deferred Outflow of Resources:

Pension and OPEB (STRS & SERS)	760,902
<i>Total Deferred Outflow of Resources</i>	<u>760,902</u>
<i>Total Assets and Deferred Outflow of Resources</i>	<u>5,735,775</u>

Liabilities:

Current Liabilities:

Accounts Payable	17,077
Payroll Payable	228,892
Note Payable	35,356
Mortgage Payable	46,339
<i>Total Current Liabilities</i>	<u>327,664</u>

Long Term Liabilities:

Mortgage Payable	966,105
Net Pension and OPEB Liability	4,337,017
<i>Total Long Term Liabilities</i>	<u>5,303,122</u>
<i>Total Liabilities</i>	<u>5,630,786</u>

Deferred Inflow of Resources:

Pension and OPEB (STRS & SERS)	941,699
<i>Total Deferred Inflow of Resources</i>	<u>941,699</u>
<i>Total Liabilities and Deferred Inflow of Resources</i>	<u>6,572,485</u>

Net Position:

Net Investment in Capital Assets	1,604,473
Unrestricted	(2,441,183)
<i>Total Net Position</i>	<u>\$ (836,710)</u>

The accompanying notes to the financial statements are an integral part of this statement.

Constellation Schools: Elyria Community Elementary
Lorain County, Ohio
Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2021

Operating Revenues:

State Aid	\$2,919,101
Casino Tax	17,244
Other Operating Revenues	164,707
<i>Total Operating Revenues</i>	3,101,052

Operating Expenses:

Salaries	1,975,675
Fringe Benefits	735,480
Purchased Services	1,161,401
Materials and Supplies	281,721
Depreciation	119,458
Other Operating Expenses	52,490
<i>Total Operating Expenses</i>	4,326,225

Operating Loss	(1,225,173)
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Non-Operating Revenues & (Expenses):

Interest Expense	(34,229)
Debt Forgiveness	394,996
Federal and State Grants	1,726,171
<i>Total Non-Operating Revenues & (Expenses)</i>	2,086,938

Change in Net Position	861,765
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Net Position at Beginning of the Year	(1,698,475)
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Net Position at End of Year	(\$836,710)
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The accompanying notes to the financial statements are an integral part of this statement.

**Constellation Schools: Elyria Community Elementary
Lorain County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021**

Increase (Decrease) in Cash:

Cash Flows from Operating Activities:

Cash Received from State of Ohio	\$2,936,345
Cash Payments to Suppliers for Goods and Services	(1,526,954)
Cash Payments to Employees for Services	(2,564,360)
Other Operating Revenues	164,707
	<hr/>
Net Cash Used for Operating Activities	(990,262)
	<hr/>

Cash Flows from Noncapital Financing Activities:

Federal and State Grants	1,085,228
	<hr/>
Net Cash Provided by Noncapital Financing Activities	1,085,228
	<hr/>

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	(121,316)
Note Principal Payments	(32,638)
Mortgage Loan Principal Payments	(42,665)
Mortgage Loan Interest Payments	(35,290)
	<hr/>
Net Cash Used for Capital and Related Financing Activities	(231,909)
	<hr/>
Net Decrease in Cash	(136,943)
Cash at Beginning of Year	1,460,154
	<hr/>
Cash at End of Year	\$1,323,211
	<hr/> <hr/>

Non Cash Transaction

During fiscal year 2021, \$394,996 worth of Payroll Protection Program Loans including interest were forgiven by U.S. Small Business Administration.

In addition, during the fiscal year the School refinanced its mortgage payable with a new bank for \$1,055,109 and extended the term an additional 15 years.

The accompanying notes to the financial statements are an integral part of this statement.

(continued)

Constellation Schools: Elyria Community Elementary
Lorain County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2021
(Continued)

**Reconciliation of Operating Loss to Net
Cash Used for Operating Activities:**

Operating Loss	(\$1,225,173)
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**Adjustments to Reconcile Operating Loss to
Net Cash Used for Operating Activities:**

Depreciation	119,458
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**Changes in Assets, Deferred Outflow of Resources,
Liabilities and Deferred Inflow of Resources:**

(Increase) in Accounts Receivable	(19,465)
Decrease in Prepaid Expenses	14,567
Decrease in Net OPEB Assets	7,299
Decrease in Deferred Outflows – Pensions and OPEB	160,024
Increase in Accounts Payable	8,464
Increase in Payroll Payable/Accrued Wages and Benefits	37,996
(Decrease) in Due to Other Governments	(34,508)
(Decrease) in Unearned Revenue	(400)
(Decrease) in Net Pension and OPEB Liability	(75,862)
Increase in Deferred Inflows – Pensions and OPEB	17,338

Total Adjustments	234,911
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Net Cash Used for Operating Activities	(\$990,262)
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The accompanying notes to the financial statements are an integral part of this statement.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

I. Description of the School and Reporting Entity

Constellation Schools: Elyria Community (EC) is a nonprofit corporation established on August 25, 2000 pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service that qualifies as an exempt organization under §501(c)(3) of the Internal Revenue Code. On November 7, 2001, EC received a determination letter confirming tax-exempt status with the Internal Revenue Service 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 which may adversely affect the tax-exempt status of EC. EC, which is part of Ohio's education program, is independent of any school district. EC may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of EC.

EC was approved for operation under a contract between the Governing Authority of EC and the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 2001 and terminating on June 30, 2006. On October 16, 2003 EC entered into a contract with Lucas County Educational Service Center (LCESC) to have LCESC replace the Ohio Department of Education as their sponsor. The contract with LCESC, now known as ESC of Lake Erie West (ESCLEW) has been renewed with a current expiration date of June 30, 2024. Under the terms of the contract ESCLEW will provide sponsorship services for a fee. See Note XV for further discussion of the sponsor services.

EC entered into an agreement with Constellation Schools (CS) to provide legal, financial, business and educational management services for the fiscal year. The agreement is renewable annually. See Note XV for further discussion of this management agreement.

EC operates under a five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualification of teachers. During 2021, the board members for EC also serve as the board for Constellation Schools: Old Brooklyn Community Elementary, Constellation Schools: Parma Community and Constellation Schools: Lorain Community Elementary.

II. Summary of Significant Accounting Policies

The financial statements of EC 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 EC's accounting policies are described below.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of Presentation

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

2. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflow of resources and all liabilities and deferred inflow of resources are included on the Statement of Net Position. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. EC prepares financial statements using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which EC receives value without directly giving equal value in return, such as grants and entitlements, are 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 the use is first permitted; matching requirements, in which EC must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to EC on a reimbursement basis. Expenses are recognized at the time they are incurred.

3. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2021, EC has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB Statement No. 90, Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61, and certain provisions of GASB Statement No. 93, Replacement of Interbank Offered Rates.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the EC.

GASB Statement No. 90 improves consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the EC.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of EC.

4. Cash

All monies received by EC are deposited in demand deposit accounts.

5. Budgetary Process

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

6. Due From Other Governments

Monies due to EC for the year ended June 30, 2021 are recorded as Due From Other Governments. A current asset for the receivable amount is recorded at the time of the event causing the monies to be due.

7. Capital Assets, Mortgage Fees and Depreciation

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the dates received. All items with a useful life of one year or greater and a value of \$2,500 or more

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 capitalized.

All capital assets are depreciated except for land and construction in progress. Depreciation of buildings, building improvements, technology and software, and furniture and equipment is computed using the straight line method over their estimated useful lives. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets or less. Estimated useful lives are as follows:

Capital Asset Classification	Years
Building	40
Building Improvements	10 to 40
Technology and Software	3 to 5
Furniture and Equipment	10

8. Intergovernmental Revenues

EC currently participates in the State Foundation Program, the State Poverty Based Assistance Program, Community Schools Facilities Allocation and Casino Tax Distribution. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. EC also participates in Federal Entitlement Programs, the Federal Lunch Reimbursement Program and various State Grant Programs. State and Federal Grants and Entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under the above named programs for the 2021 school year totaled \$4,662,516.

9. Private Grants and Contributions

EC received grants and contributions from private sources to support the school's programs. Private grants and contributions are recognized as non-operating revenues in the accounting period in which they are received. EC did not receive any private grants or contributions for the 2021 fiscal year.

10. Compensated Absences

Vacation is taken in a manner which corresponds with the school calendar; therefore, EC does not accrue vacation time as a liability.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Sick leave benefits are earned at the rate of one and one-quarter day per month and can be accrued up to a maximum of one hundred twenty days. EC will accept the transfer of sick days from another school district up to the maximum accrual amount. No financial accrual for sick time is made since unused sick time is not paid to employees upon employment termination.

11. Use of Estimates

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

12. Pensions and Other Postemployment Benefits (OPEB)

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

13. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the financial statements. In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations. However, claims and judgments, compensated absences that will be paid from available funds are reported as a liability in the financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

14. Deferred Inflow of Resources and Deferred Outflow of Resources

A deferred outflow of resources is a consumption of assets by EC that is applicable to a future reporting period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflow of resources related to pension and OPEB is described in Note XII and Note XIII.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

A deferred inflow of resources is an acquisition of assets by EC that is applicable to a future reporting period and will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow of resources related to pension and OPEB is described in Note XII and Note XIII.

15. Net Position

Net position represents the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflow of resources and deferred inflow of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by EC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

16. Operating Revenues and Expenses

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

III. Deposits

At fiscal year end June 30, 2021, the carrying amount of EC's deposits totaled \$1,323,211 and its bank balance was \$1,386,874. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2021, \$1,136,874 of the bank balance was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Depository Insurance Corporation.

EC has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred and two percent or a rate set by the Treasurer of State. Financial institutions opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred and five percent.

IV. Purchased Services

Purchased Services include the following:

Professional and Technical Services	\$ 783,485
Property Services	153,426
Travel & Meetings	387
Communications	36,874
Utilities	53,789
Contracted Services	131,690
Other	1,750
Total Purchased Services	<u>\$ 1,161,401</u>

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CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

V. Capital Assets

A summary of capital assets at June 30, 2021 follows:

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Capital Assets Not Being Depreciated:				
Land	\$422,900	\$ -	\$ -	\$422,900
Total Capital Assets Not Being Depreciated:	422,900	-	-	422,900
Capital Assets Being Depreciated:				
Buildings	1,982,274	19,933	-	2,002,207
Building Improvements	1,061,062	97,085	-	1,158,147
Technology and Software	155,983	-	-	155,983
Furniture and Equipment	122,941	4,298	-	127,239
Total Capital Assets Being Depreciated	3,322,260	121,316	-	3,443,576
Less Accumulated Depreciation:				
Buildings	(574,474)	(49,739)	-	(624,213)
Building Improvements	(277,410)	(55,219)	-	(332,629)
Technology and Software	(150,497)	(5,486)	-	(155,983)
Furniture and Equipment	(92,364)	(9,014)	-	(101,378)
Total Accumulated Depreciation	(1,094,745)	(119,458)	-	(1,214,203)
Capital Assets Being Depreciated, Net of Accumulated Depreciation	2,227,515	1,859	-	2,229,373
Total Capital Assets, Net of Accumulated Depreciation	\$2,650,415	\$1,859	-	\$2,652,273

VI. Capital Equipment Lease Payable

In fiscal year 2016, EC entered into another 48-month lease with Winthrop Resources Corporation for technology equipment totaling \$55,134 at an interest rate of 6.46% (which was fully depreciated as of June 30, 2020). During fiscal year 2018, EC entered into another forty-eight-month lease for additional technology equipment with Winthrop Leasing totaling \$26,335 (which was fully depreciated as of June 30, 2021). These leases meet the criteria of capital leases as defined by accounting standards, which defines a capital lease generally as one which transfers the benefits and risks of ownership of the lessee.

Assets of technology equipment totaling \$138,196 have been capitalized during 2016 and 2018. This amount represents the actual purchase price of the equipment and is the same as the net present value of the minimum lease payments at the time of acquisition. During 2020 the leases were converted to a financed purchase. See Note VII below.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

VII. Direct Borrowing

In May of 2020 EC converted all remaining obligations under all leases with Winthrop (now known as TCF) to a financed purchase with a term of 27 months and no interest due. EC has title to all equipment. Equipment serves as collateral during the term. In the event of default, TCF may declare all obligations due and payable.

	<u>Balance 6/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/21</u>	<u>Due In One Year</u>
Financed Purchase	\$67,994	\$0	(\$32,638)	\$35,356	\$35,356
TOTAL	<u>\$67,994</u>	<u>\$0</u>	<u>(\$32,638)</u>	<u>\$35,356</u>	<u>\$35,356</u>

<u>Year</u>	<u>TCF</u>	
	<u>Payment</u>	<u>Total</u>
2022	<u>\$35,356</u>	<u>\$35,356</u>
Total	<u>\$35,356</u>	<u>\$35,356</u>

VIII. Allen School Purchase

On August 23, 2004, EC purchased the former Allen School located at 300 North Abbe Road, Elyria, from the previous landlord, Horizon Activities Center. The purchase price of \$1,200,000, along with other purchase costs totaling \$5,193, have been capitalized and will be depreciated over a forty-year period. All operations of the schools' elementary grade levels are located at this site.

During June 2016, EC purchased a former service station property from Marathon Oil which was across a side street from the school. The purchase price of the property was \$80,000 and other purchase costs totaled \$1,485. The property has been improved for use as a parking lot for the school. The purchase price has been capitalized as land and will not be depreciated. Other purchase costs have been capitalized and will be depreciated over the remaining life of the Allen School building.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

IX. Eastgate School Purchase

On November 21, 2013, EC purchased the former Eastgate School located at 336 South Logan Road, Elyria, from the previous landlord Eastgate Company LLC to house the upper level grades for the school. The purchase price of \$1,100,000, along with other purchase costs totaling \$18,495, have been capitalized and will be depreciated over a forty-year period. All operations of the schools' middle school grade levels are located at this site.

X. Mortgage Notes Payable/Direct Borrowing

On August 23, 2004, EC entered into two mortgage agreements relating to the purchase of the property at 300 North Abbe Road (see note VIII). A first mortgage note in the amount of \$918,000 was held by PNC Bank, National Association (formerly National City Bank). A second mortgage note, which matured during fiscal year 2012, in the amount of \$255,000 was held by Horizon Activities Center and was subordinate to the first mortgage.

The PNC Bank note was refinanced in November 2013 with CF Bank. A first position mortgage note is held by CF Bank in the amount of \$535,000 for a five-year term at 4.75% interest. The note amortizes based on a fifteen-year schedule with a balloon payment due at the end of the fifth year.

On November 21, 2013 EC entered into two mortgage agreements relating to the purchase of the Eastgate School property (Note IX) for \$1,100,000. A first position mortgage note is held by CF Bank in the amount of \$1,020,000 with a six-year term at 4.75% interest. The first year of the note included \$850,000 for acquisition and \$170,000 for construction with principal payments deferred until the second year. The \$170,000 construction portion, held in escrow by CF Bank, was drawn during July, 2015. The note begins to amortize in the second year based on a fifteen-year schedule with a balloon payment due at the end of the sixth year. A second position mortgage note of \$250,000 was obtained from Eastgate Company LLC (the seller) for a period of five years at 4% interest as part of the building purchase.

In December 2020, EC refinanced its previous mortgage loan agreement with IFF for a term of 15 years. The current mortgage note in the amount of \$1,055,109, is for a term of fifteen years at an interest rate of 5.25%. During fiscal year 2021 principal was reduced by \$42,665 and interest payments totaled \$35,290. As of June 30, 2021 the outstanding principal balance is \$1,012,444.

The Building acts as collateral on the mortgage. In event of default the mortgage becomes due and payable and the bank has the option to foreclose on the property. Defaults are defined as untimely payment, failure to maintain the property, not timely disclosing to the bank any event which may adversely affect EC's ability to pay on the obligations. EC is required to furnish to the Bank audited annual financial statements within 180 days after the end of EC's fiscal year. In the event EC fails to provide the Bank with the foregoing audited financial statements within such period, then, in addition to all other rights and remedies, Bank shall have the right (but not

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

obligation) to cause such audited financial statements to be prepared at an accountant or firm at Bank's sole discretion, and EC shall pay the actual cost incurred by Bank in connections therewith. EC is not in compliance with the timely filing required and the bank has not granted such a waiver to EC.

Principal and interest due on the outstanding mortgage notes as of June 30, 2021 are as follows:

Year	IFF		
	Principal	Interest	Total
2022	\$ 46,339	\$ 51,846	\$ 98,185
2023	49,045	49,343	98,388
2024	51,683	46,705	98,388
2025	54,463	43,926	98,389
2026	57,392	40,996	98,388
2027 - 2031	343,108	157,032	500,140
2032 - 2036	410,414	52,704	463,118
Total	\$1,012,444	\$442,552	\$1,454,996

XI. Risk Management

1. Property and Liability Insurance

EC is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2021, EC contracted with Traveler's Property Casualty Company of America for property insurance, The Hanover Insurance Company for liability insurance and errors and omissions insurance and Allamerica Financial Benefit Insurance Company for Automobile insurance.

General property and liability is covered at \$10,000,000 single occurrence limit and \$11,000,000 aggregated. Hired and Non-Owned Vehicles are covered at \$1,000,000 combined single limit of liability. Other coverage includes Employee Crime, School Leaders Errors & Omissions, Sexual Abuse and Misconduct, Electronic Data Processing, Cyber Liability and Business Interruption. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

2. Workers' Compensation

EC makes premium payments to the Ohio Workers' Compensation System for employee injury coverage.

3. Employee Medical, Dental, Vision and Life Benefits

EC provides medical, dental, vision and life insurance benefits to all full time employees. Employees participate in premium payments through pretax payroll deductions.

XII. Defined Benefit Pension Plans

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

1. Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

2. Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and EC 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

EC's contractually required contribution to SERS was \$48,270 for fiscal year 2021.

3. Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is

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allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. EC was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates. EC's contractually required contribution to STRS was \$233,189 for fiscal year 2021.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. EC's proportion of the net pension liability was based on the employer's share of

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employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01048930%	0.01411439%	
Prior Measurement Date	0.01178631%	0.01541799%	
Change in Proportionate Share	-0.00129701%	-0.00130360%	
Proportionate Share of the Net			
Pension Liability	\$ 693,785	\$ 3,415,180	\$ 4,108,965
Pension Expense	\$ 36,197	\$ 389,576	\$ 425,773

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

At June 30, 2021 EC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 1,348	\$ 7,662	\$ 9,010
Net Difference between Projected and Actual Earnings on Pension Plan Investments	44,040	166,080	210,120
Changes of Assumptions	-	183,330	183,330
EC Contributions Subsequent to the Measurement Date	48,270	233,189	281,459
Total Deferred Outflows of Resources	<u>\$ 93,658</u>	<u>\$ 590,261</u>	<u>\$ 683,919</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 21,837	\$ 21,837
Changes in Proportion and Differences between EC Contributions and Proportionate Share of Contributions	56,045	362,940	418,985
Total Deferred Inflows of Resources	<u>\$ 56,045</u>	<u>\$ 384,777</u>	<u>\$ 440,822</u>

\$281,459 reported as deferred outflows of resources related to pension resulting from EC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (38,275)	\$ (34,661)	\$ (72,936)
2023	(4,525)	(34,320)	(38,845)
2024	18,356	19,827	38,183
2025	13,787	21,449	35,236
	<u>\$ (10,657)</u>	<u>\$ (27,705)</u>	<u>\$ (38,362)</u>

5. Actuarial Assumptions - SERS

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

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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, 2020, are presented below:

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

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of EC'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 EC's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what EC's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
EC's Proportionate Share of the Net Pension Liability	\$ 950,400	\$ 693,785	\$ 478,479

6. Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

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Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current

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plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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

The following table represents EC's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what EC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
EC's Proportionate Share of the Net Pension Liability	\$ 4,862,621	\$ 3,415,180	\$ 2,188,594

XIII. Defined Benefit OPEB Plans

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

1. Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the

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right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, EC's surcharge obligation was \$3,860, which is reported as accrued wages and benefits.

2. Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. EC's proportion of the net OPEB liability (asset) was based on EC's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.01049323%	0.01411439%	
Prior Measurement Date	0.01185339%	0.01541799%	
Change in Proportionate Share	<u>-0.00136016%</u>	<u>-0.00130360%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 228,052	\$ (248,060)	
OPEB Expense	\$ (6,379)	\$ (25,276)	\$ (31,655)

At June 30, 2021, EC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 2,996	\$ 15,896	\$ 18,892
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	2,569	8,691	11,260
Changes of Assumptions	38,876	4,095	42,971
EC Contributions Subsequent to the Measurement Date	3,860	-	3,860
Total Deferred Outflows of Resources	<u>\$ 48,301</u>	<u>\$ 28,682</u>	<u>\$ 76,983</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 115,981	\$ 49,411	\$ 165,392
Changes of Assumptions	5,743	235,618	241,361
Changes in Proportion and Differences between EC Contributions and Proportionate Share of Contributions	58,407	35,717	94,124
Total Deferred Inflows of Resources	<u>\$ 180,131</u>	<u>\$ 320,746</u>	<u>\$ 500,877</u>

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\$3,860 reported as deferred outflows of resources related to OPEB resulting from EC contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (27,766)	\$ (74,584)	\$ (102,350)
2023	(27,579)	(68,699)	(96,278)
2024	(27,612)	(66,638)	(94,250)
2025	(25,600)	(57,744)	(83,344)
2026	(19,610)	(12,107)	(31,717)
Thereafter	(7,523)	(12,292)	(19,815)
	\$ (135,690)	\$ (292,064)	\$ (427,754)

4. Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

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Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

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	1% Decrease	Current Discount Rate	1% Increase
EC's Proportionate Share of the Net OPEB Liability	\$ 279,130	\$ 228,052	\$ 187,445
		Current	
	1% Decrease	Trend Rate	1% Increase
EC's Proportionate Share of the Net OPEB Liability	\$ 179,574	\$ 228,052	\$ 292,880

5. Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of EC's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	EC's Proportionate Share of the Net OPEB Liability (Asset)	\$ (215,828)	\$ (248,060)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	EC's Proportionate Share of the Net OPEB Liability (Asset)	\$ (273,710)	\$ (248,060)

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Benefit Term Changes since the Prior Measurement Date There were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

XIV. Contingencies

1. Grants

EC received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs requires compliance with terms and conditions, specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of EC. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of EC at June 30, 2021.

2. School Foundation

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE did not perform such a review on EC for fiscal year 2021.

As of the date of this report, all ODE adjustments for fiscal year 2021 are finalized.

In addition, EC's contracts with their Sponsor, ESC of Lake Erie West and their management company, Constellation Schools require that a portion of their fees be calculated as a percentage of Foundation revenues received by the school from the State (See Note XV). As discussed above, all FTE adjustments for fiscal year 2021 are finalized. A reconciliation between payments previously made and the FTE adjustments has taken place with these contracts.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

XV. Sponsorship and Management Agreements

EC entered into an agreement with the ECS of Lake Erie West, (ESCLEW) formerly Lucas County Educational Service Center, to provide sponsorship and oversight services as required by law. The agreement was renewed at the end of the fiscal year and continues until June 30, 2024. Sponsorship fees were calculated as 2.50% of the Fiscal Year 2021 Foundation payments received by EC, from the State of Ohio. The total amount due from EC for fiscal year 2021 was \$80,221, all of which was paid prior to June 30, 2021.

EC entered into an agreement with Constellation Schools to provide legal, financial, and business management services for fiscal year 2021. The agreement was for a period of one year, effective July 1, 2020. Management fees are calculated as 6.25% of the Fiscal Year 2021 Foundation payments received by EC from the State of Ohio plus a fixed fee of \$272,500. The total fee cannot exceed twice the fixed fee. The total amount due from EC for the fiscal year ending June 30, 2021 was \$454,581 all of which was paid prior to June 30, 2021.

XVI. Payroll Protection Program Loan

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed on March 27, 2020 in response to COVID-19. The Paycheck Protection Program (PPP) was formed as part of the CARES Act. The PPP allows for certain companies to apply for aid and through forgivable loans. The school entered into a note payable agreement with a bank under PPP. The unsecured note has a principal amount of \$391,000 maturing on 05/04/2022. During 2021, principal and any accumulated interest was forgiven by U.S. Small Business Administration and the Bank in the amount of \$394,996.

XVII. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidation Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

XVIII. SUBSEQUENT EVENTS

For fiscal year 2022, community school foundation funding received from the state of Ohio will be funded using a direct funding model. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to the school district who, in turn, made the payment to the respective community school. For fiscal year 2021, the Community School reported \$2,919,101 in revenue related to these programs. This new funding system calculates a unique base cost for each community school. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Constellation Schools: Elyria Community
Lorain County, Ohio
Required Supplementary Information
Schedule of the EC's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
<i>School Employees Retirement System (SERS)</i>								
EC's Proportion of the Net Pension Liability	0.01048930%	0.01178631%	0.01236180%	0.01303718%	0.01218738%	0.01153200%	0.01032589%	0.01032589%
EC's Proportionate Share of the Net Pension Liability	\$ 693,785	\$ 705,196	\$ 707,987	\$ 778,942	\$ 892,004	\$ 658,210	\$ 522,587	\$ 614,048
EC's Covered Payroll	\$ 357,271	\$ 335,704	\$ 402,504	\$ 421,207	\$ 363,943	\$ 238,657	\$ 229,062	\$ 149,964
EC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.19%	210.07%	175.90%	184.93%	245.09%	275.80%	228.14%	409.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
<i>State Teachers Retirement System (STRS)</i>								
EC's Proportion of the Net Pension Liability	0.01411439%	0.01541799%	0.01928450%	0.01628987%	0.01728717%	0.01530740%	0.01427336%	0.01427336%
EC's Proportionate Share of the Net Pension Liability	\$ 3,415,180	\$ 3,409,595	\$ 3,502,308	\$ 3,869,694	\$ 5,786,537	\$ 4,230,518	\$ 3,471,775	\$ 4,135,556
EC's Covered Payroll	\$ 1,703,443	\$ 1,800,221	\$ 1,810,536	\$ 1,790,821	\$ 1,768,914	\$ 1,452,214	\$ 1,354,538	\$ 1,348,462
EC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.49%	189.40%	193.44%	216.08%	327.12%	291.31%	256.31%	306.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Certain Constellation Schools LLC employees are reported under one employer code with the state retirement systems. However, these employees provide services to all the schools managed by Constellation Schools, LLC. Therefore, it has been determined the payroll related to these employees should be allocated to each of the schools. Fiscal year 2014 through 2020 amounts have been updated, however, information was not available to update fiscal year 2013 and prior.

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

See accompanying notes to required supplementary information.

Constellation Schools: Elyria Community
Lorain County, Ohio
Required Supplementary Information
Schedule of the EC's Contributions - Pension
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>School Employees Retirement System (SERS)</i>										
Contractually Required Contribution	\$ 48,270	\$ 50,018	\$ 45,320	\$ 54,338	\$ 58,969	\$ 50,952	\$ 31,455	\$ 31,748	\$ 20,755	\$ 19,279
Contributions in Relation to the Contractually Required Contribution	<u>(48,270)</u>	<u>(50,018)</u>	<u>(45,320)</u>	<u>(54,338)</u>	<u>(58,969)</u>	<u>(50,952)</u>	<u>(31,455)</u>	<u>(31,748)</u>	<u>(20,755)</u>	<u>(19,279)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EC's Covered Payroll	\$ 344,786	\$ 357,271	\$ 335,704	\$ 402,504	\$ 421,207	\$ 363,943	\$ 238,657	\$ 229,062	\$ 149,964	\$ 143,338
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
<i>State Teachers Retirement System (STRS)</i>										
Contractually Required Contribution	\$ 233,189	\$ 238,482	\$ 252,031	\$ 253,475	\$ 250,715	\$ 247,648	\$ 203,310	\$ 176,090	\$ 175,300	\$ 142,764
Contributions in Relation to the Contractually Required Contribution	<u>(233,189)</u>	<u>(238,482)</u>	<u>(252,031)</u>	<u>(253,475)</u>	<u>(250,715)</u>	<u>(247,648)</u>	<u>(203,310)</u>	<u>(176,090)</u>	<u>(175,300)</u>	<u>(142,764)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EC's Covered Payroll	\$ 1,665,636	\$ 1,703,443	\$ 1,800,221	\$ 1,810,536	\$ 1,790,821	\$ 1,768,914	\$ 1,452,214	\$ 1,354,538	\$ 1,348,462	\$ 1,098,185
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to required supplementary information.

Constellation Schools: Elyria Community
Lorain County, Ohio
Required Supplementary Information
Schedule of the EC's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
EC's Proportion of the Net OPEB Liability	0.01049323%	0.01185339%	0.01228040%	0.01291374%	0.01203731%
EC's Proportionate Share of the Net OPEB Liability	\$ 228,052	\$ 298,088	\$ 340,692	\$ 346,571	\$ 343,108
EC's Covered Payroll	\$ 357,271	\$ 335,704	\$ 402,504	\$ 421,207	\$ 363,943
EC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.83%	88.79%	84.64%	82.28%	94.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
EC's Proportion of the Net OPEB Liability (Asset)	0.014114%	0.015418%	0.015928%	0.016290%	0.017287%
EC's Proportionate Share of the Net OPEB Liability (Asset)	\$ (248,060)	\$ (255,259)	\$ (255,954)	\$ 635,571	\$ 924,522
EC's Covered Payroll	\$ 1,703,443	\$ 1,800,221	\$ 1,810,536	\$ 1,790,821	\$ 1,768,914
EC's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.56%	-14.18%	-14.14%	35.49%	52.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Certain Constellation Schools LLC employees are reported under one employer code with the state retirement systems. However, these employees provide services to all the schools managed by Constellation Schools, LLC. Therefore, it has been determined the payroll related to these employees should be allocated to each of the schools. Fiscal year 2017 through 2020 amounts have been updated, however, information was not available to update fiscal year 2016 and prior.

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

See accompanying notes to required supplementary information.

Constellation Schools: Elyria Community
Lorain County, Ohio
Required Supplementary Information
Schedule of the EC's Contributions - OPEB
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>School Employees Retirement System (SERS)</i>										
Contractually Required Contribution (1)	\$ 3,860	\$ 4,959	\$ 6,584	\$ 7,348	\$ 5,413	\$ 4,373	\$ 5,770	\$ 4,114	\$ 2,689	\$ 3,916
Contributions in Relation to the Contractually Required Contribution	<u>(3,860)</u>	<u>(4,959)</u>	<u>(6,584)</u>	<u>(7,348)</u>	<u>(5,413)</u>	<u>(4,373)</u>	<u>(5,770)</u>	<u>(4,114)</u>	<u>(2,689)</u>	<u>(3,916)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EC's Covered Payroll	\$ 344,786	\$ 357,271	\$ 335,704	\$ 402,504	\$ 421,207	\$ 363,943	\$ 238,657	\$ 229,062	\$ 149,964	\$ 143,338
OPEB Contributions as a Percentage of Covered Payroll (1)	1.12%	1.39%	1.96%	1.83%	1.29%	1.20%	2.42%	1.80%	1.79%	2.73%
<i>State Teachers Retirement System (STRS)</i>										
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,545	\$ 13,485	\$ 10,982
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,545)</u>	<u>(13,485)</u>	<u>(10,982)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EC's Covered Payroll	\$ 1,665,636	\$ 1,703,443	\$ 1,800,221	\$ 1,810,536	\$ 1,790,821	\$ 1,768,914	\$ 1,452,214	\$ 1,354,538	\$ 1,348,462	\$ 1,098,185
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

(1) Includes surcharge

See accompanying notes to required supplementary information.

CONSTELLATION SCHOOLS: OLD BROOKLYN COMMUNITY ELEMENTARY
- A Community School -
Cuyahoga County, Ohio

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2021.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Changes in Benefit Terms - STRS

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

Note 2 - Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

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

Medicare

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

Changes in Assumptions – STRS

For fiscal year 2020 and 2021, the health care cost trend rates were modified.

CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
Lorain County, Ohio

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

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

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

Changes in Benefit Terms – SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2021, Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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

To the Board of Directors
Constellation Schools: Elyria Community
Lorain County, Ohio
300 N Abbe Rd,
Elyria, OH 44035

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Constellation Schools: Elyria Community, Lorain County, Ohio (the “School”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated March 24, 2022.

Internal Control over Financial Reporting

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

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

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

Constellation Schools: Elyria Community
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards
Page 2 of 2

Compliance and Other Matters

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

Purpose of this Report

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



Rea & Associates, Inc.
Independence, Ohio
March 24, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Constellation Schools: Elyria Community
Lorain County, Ohio
300 N Abbe Rd,
Elyria, OH 44035

Report on Compliance for Each Major Federal Program

We have audited the Constellation Schools: Elyria Community, Lorain County, Ohio (the "School") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Independence, Ohio
March 24, 2022

**CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass Through Grantor/ Program Title	ALN Number	Grant Year	Disbursements	Total Provided to Subrecipients
U. S. Department of Education				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2020	\$ 9,535	\$ -
Title I Grants to Local Educational Agencies	84.010A	2021	175,464	-
Total Title I			<u>184,999</u>	<u>-</u>
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	2020	4,475	-
Special Education - Grants to States	84.027A	2021	105,451	-
Total Special Education Cluster			<u>109,926</u>	<u>-</u>
Education Stabilization Fund - ESSER - COVID-19	84.425D	2021	148,091	-
Education Stabilization Fund - ESSER II - COVID-19	84.425D	2021	347,780	-
American Rescue Plan Education Stabilization Fund - ESSER - COVID-19	84.425U	2021	221,976	-
Total Education Stabilization Fund			<u>717,847</u>	<u>-</u>
Title II-A Improving Teacher Quality	84.367	2020	2,620	-
Title II-A Improving Teacher Quality	84.367A	2021	33,460	-
Total Title II-A Improving Teacher Quality			<u>36,080</u>	<u>-</u>
Title IV-A Student Support and Academic Enrichment	84.424A	2020	800	-
Title IV-A Student Support and Academic Enrichment	84.424A	2021	3,192	-
Total Title IV-A Student Support and Academic Enrichment			<u>3,992</u>	<u>-</u>
<i>Total U.S. Department of Education</i>			<u>1,052,844</u>	<u>-</u>
U. S. Department of Treasury				
<i>Passed Through the Ohio Department of Education:</i>				
Broadband Connectivity - COVID-19	21.019	2021	4,900	-
Suburban School Districts - COVID-19	21.019	2021	19,318	-
Total Coronavirus Relief Fund			<u>24,218</u>	<u>-</u>
<i>Total U.S. Department of Treasury</i>			<u>24,218</u>	<u>-</u>
U. S. Department of Agriculture				
<i>Passed Through the Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	2021	18,837	-
School Breakfast Program (COVID-19)	10.553	2021	2,057	-
National School Lunch Program	10.555	2021	31,531	-
National School Lunch Program (COVID-19)	10.555	2021	3,212	-
Total Child Nutrition Cluster			<u>55,637</u>	<u>-</u>
<i>Total U.S. Department of Agriculture</i>			<u>55,637</u>	<u>-</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 1,132,699</u>	<u>\$ -</u>

See the Notes to the Schedule of Expenditures of Federal Awards.

**CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
LORAIN COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Constellation Schools: Elyria Community (the “School”) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C – Transfers

The School generally must spend Federal assistance within 15 months of receipt. However, with Ohio Department of Education (ODE) approval, a School can transfer (carryover) unspent Federal assistance to the succeeding year, thus allowing the School a total of 27 months to spend the assistance. During fiscal year 2021, the ODE authorized the following transfers:

ALN Number / Grant Title	Grant Year	Transfer Out	Transfer In
84.010 Title I Grants to Local Educational Agencies	2020	\$ 59,531	
84.010A Title I Grants to Local Educational Agencies	2021		\$ 59,531
84.367 Title II-A Improving Teacher Quality	2020	13,891	
84.367A Title II-A Improving Teacher Quality	2021		13,891
84.424A Title IV-A Student Support and Academic Enrichment	2020	6,836	
84.424A Title IV-A Student Support and Academic Enrichment	2021		6,836
84.027 IDEA Special Education	2020	11,072	
84.027A IDEA Special Education	2021		11,072
84.027 IDEA Special Education - 6B Restoration	2020	12	
84.027A IDEA Special Education - 6B Restoration	2021		12
84.173 IDEA Early Childhood Special Education	2020	941	
84.173A IDEA Early Childhood Special Education	2021		941
84.173 IDEA Early Childhood Special Education - Restoration	2020	5	
84.173A IDEA Early Childhood Special Education - Restoration	2021		5
		\$ 92,288	\$ 92,288

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 – Transfers between Programs

The School transferred the following funds between programs in fiscal year 2021:

ALN Number / Grant Title	Grant Year	Transfer Out	Transfer In
84.367A Title II-A Improving Teacher Quality	2021	\$ 768	
84.010A Title I Grants to Local Educational Agencies	2021		\$ 768
		\$ 768	\$ 768

The amount transferred to Title I is included in Title I program expenditures when disbursed.

**CONSTELLATION SCHOOLS: ELYRIA COMMUNITY
LORAIN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
JUNE 30, 2021**

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)?	None Reported
(d) (1) (iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): Education Stabilization Fund/American Rescue Plan Education Stabilization Fund Programs	ALN # 84.425D, 84.425U
(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**

None were noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted.



Constellation Schools

"The Right Choice for Parents and a Real Chance for Children!"

**Constellation Schools: Elyria Community
Lorain County, Ohio**

*Schedule of Prior Audit Findings
For the Year Ended June 30, 2021*

Finding Number	Finding Summary	Status	Additional Information
2020-001	AUC-265, material audit adjustments to the financial statements presented to audit in regards to classification of Quality Community School Support revenue.	Fully Corrected.	The School corrected processes to appropriately report the Quality Community School Support revenue as non-operating state grants.

OHIO AUDITOR OF STATE KEITH FABER



CONSTELLATION SCHOOLS: ELYRIA COMMUNITY

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/5/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov