DAYTON SMART ELEMENTARY SCHOOL
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

DAYTON SMART ELEMENTARY SCHOOL
MONTGOMERY COUNTY
JUNE 30, 2021

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Dayton SMART Elementary School
Montgomery County
601 South Keowee Street
Dayton, Ohio 45410

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Dayton SMART Elementary School, Montgomery County, Ohio (the School), as of and for the fiscal 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dayton SMART Elementary School, as of June 30, 2021, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the School had a deficit net position at June 30, 2021. Note 18 also describes management's evaluation of the events and conditions and their plans to mitigate the deficit net position. Additionally, as discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2022, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

April 7, 2022

As management of Dayton SMART Elementary School (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the School are as follows:

- Total net position of the School increased $178,303 during the fiscal year. Ending net position of the School was negative $1.5 million compared with negative $1.6 million at June 30, 2020.

- Total assets increased by $19,278 and total liabilities decreased by $32,154 from the prior fiscal year end.

- The School's operating loss for fiscal year 2021 was $376,852.

- Total revenues increased by $35,996 compared to those reported for the prior fiscal year while total expenses decreased by $66,325 during the same period.

Using this Annual Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and change in net position, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same.

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

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

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

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

Financial Analysis

Table 1 provides a summary of the School's net position for 2021 and 2020:

Table 1
Net Position at Year End

	2021	2020
Assets:		
Current and Other Assets	$ 197,258	$ 142,554
Capital Assets, Net	595,124	646,652
Net OPEB Asset	65,309	49,207
Total Assets	857,691	838,413
Deferred Outflows of Resources	405,353	339,962
Liabilities:		
Current Liabilities	1,322,458	1,492,176
Long-Term Liabilities	1,152,056	1,014,492
Total Liabilities	2,474,514	2,506,668
Deferred Inflows of Resources	255,730	317,210
Net Position:		
Net Investment in Capital Assets	(10,244)	21,102
Restricted	78,274	27,629
Unrestricted	(1,535,230)	(1,694,234)
Total Net Position	$ (1,467,200)	$ (1,645,503)

Total assets remained consistent in comparison with the prior fiscal year-end. An increase in funding from the CARES Act assisting with operating expenditures was offset by a decrease in capital assets due to depreciation.

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

The total net position reported for fiscal year 2021 increased by $178,303. Table 2 provides a summary of the School's change in net position for 2021 and 2020:

Table 2
Changes in Net Position

	2021	2020
Operating Revenues:		
Unrestricted Grants-in-Aid	$ 975,353	$ 1,072,686
Restricted Grants-in-Aid	102,139	198,746
Total Operating Revenues	1,077,492	1,271,432
Operating Expenses:		
Salaries	480,995	502,959
Fringe Benefits	271,395	240,878
Purchased Services	593,668	651,989
Materials and Supplies	23,124	32,773
Depreciation	51,528	60,667
Other	33,634	28,850
Total Operating Expenses	1,454,344	1,518,116
Operating Loss	(376,852)	(246,684)
Non-Operating Revenues (Expenses)		
Federal and State Grants	458,289	351,590
Donations and Contributions	-	10
Other Non-Operating Revenues	24,762	250
Interest Expense	(26,631)	(29,184)
Gain on Forgiveness of Debt	98,735	-
Total Non-Operating Revenues (Expenses)	555,155	322,666
Change in Net Position	178,303	75,982
Net Position, Beginning of Year	(1,645,503)	(1,721,485)
Net Position, End of the Year	$ (1,467,200)	$ (1,645,503)

Operating Revenues decreased in fiscal year 2021 compared with the prior fiscal year primarily due to a decrease in enrollment from 140 students in fiscal year 2020 to 106 students in fiscal year 2021.

Non-Operating Revenues increased $229,936 due to the loan forgiveness of the PPP loan and receipt of CARES Act grants due to pandemic.

Total Expenses decreased $66,325 in comparison with the prior fiscal year. This decrease is primarily the result of a decrease in purchased services due to spending associated with enrollment decrease which included less contracted food services.

Capital Assets

At the end of fiscal year 2021, the School had $595,124 invested in Capital Assets, Net, a decrease of $51,528 in comparison with the prior fiscal year. This decrease represents the amount by which current year depreciation exceeded additions during the current year. See Note 5 of the basic financial statements for additional details.

Debt

At fiscal year-end, the School's notes and loans payable balance was $787,113, a decrease of $168,104 in comparison with the prior fiscal year-end. See Note 6 of the basic financial statements for additional details.

Deficit Net Position

For fiscal year 2021, the School had a negative net position of ($1,467,200). Excluding items related to GASB 68 Accounting and Financial Reporting for Pension and GASB 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions (Deferred Outflows, Deferred Inflows, Net Pension Liability, and Net OPEB Asset/Liability), the School reported a negative net position of ($537,888). See Note 18 of the notes to the basic financial statements for additional information on the School's plan to eliminate this position.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Dayton SMART Elementary School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Dayton SMART Elementary School, 601 South Keowee Street, Dayton, OH 45410.

Dayton SMART Elementary School
MONTGOMERY COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

Assets:	
Current Assets	
Cash and Cash Equivalents	$ 131,500
Accounts Receivable	258
Intergovernmental Receivable	45,617
Prepaid Items	19,883
Total Current Assets	197,258
Noncurrent Assets	
Depreciable Capital Assets, Net	595,124
Net OPEB Asset	65,309
Total Noncurrent Assets	660,433
Total Assets	857,691
Deferred Outflows of Resources:	
Pension	355,969
OPEB	49,384
Total Deferred Outflows of Resources	405,353
Liabilities:	
Current Liabilities	
Accounts Payable	464,331
Accrued Wages and Benefits Payable	58,091
Intergovernmental Payable	9,899
Notes Payable	787,113
Capital Lease Payable	3,024
Total Current Liabilities	1,322,458
Long-Term Liabilities:	
Capital Lease Payable	7,812
Net Pension Liability	1,086,053
Net OPEB Liability	58,191
Total Long-Term Liabilities	1,152,056
Total Liabilities	2,474,514
Deferred Inflows of Resources:	
Pension	109,880
OPEB	145,850
Total Deferred Inflows of Resources	255,730
Net Position:	
Net Investment in Capital Assets	(10,244)
Restricted	78,274
Unrestricted	(1,535,230)
Total Net Position	$ (1,467,200)

See accompanying notes to the basic financial statements.

Dayton SMART Elementary School
MONTGOMERY COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating Revenues:	
Unrestricted Grants in Aid	$ 975,353
Restricted Grants in Aid	102,139
Total Operating Revenues	1,077,492
Operating Expenses:	
Salaries	480,995
Fringe Benefits	271,395
Purchased Services	593,668
Materials and Supplies	23,124
Depreciation	51,528
Other	33,634
Total Operating Expenses	1,454,344
Operating Loss	(376,852)
Non-Operating Revenues (Expenses):	
Federal and State Grants	458,289
Gain on Forgiveness of Debt	98,735
Other Non-Operating Revenue	24,762
Interest Expense	(26,631)
Total Non-Operating Revenues (Expenses)	555,155
Change in Net Position	178,303
Net Position Beginning of Year	(1,645,503)
Net Position End of Year	$ (1,467,200)

See accompanying notes to the basic financial statements.

Dayton SMART Elementary School
MONTGOMERY COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:		
Received from Foundation Payments	$	971,450
Received from Disadvantaged Pupil Impact Aid and Transportation		102,139
Payments to Suppliers for Goods and Services		(723,465)
Payments to Employees for Services and Benefits		(661,477)
Payments to Other		(42,425)
Net Cash Used for Operating Activities		(353,778)
Cash Flows from Noncapital Financing Activities:		
Received from Federal and State Grants		441,609
Other Non-Operating Receipts		24,573
Principal Paid on Notes		(52,463)
Interest Paid on Notes		(7,537)
Net Cash Provided by Noncapital Financing Activities		406,182
Cash Flows from Capital and Related Financing Activities:		
Principal Paid on Notes/Lease		(20,182)
Interest Paid on Notes/Lease		(19,094)
Net Cash Used for Capital and Related Financing Activities		(39,276)
Net Increase in Cash and Cash Equivalents		13,128
Cash and Cash Equivalents at Beginning of Year		118,372
Cash and Cash Equivalents at End of Year	$	131,500

See accompanying notes to the basic financial statements.

Dayton SMART Elementary School
MONTGOMERY COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(376,852)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		51,528
Changes in Assets and Liabilities:		
Accounts Receivable		(69)
Intergovernmental Receivable		(9,597)
Prepaid Items		(18,383)
Security Deposit		3,342
Accounts Payable		(100,423)
Accrued Wages and Benefits Payable		1,790
Intergovernmental Payable		(1,716)
Net Pension Liability and Deferred Outflows & Deferred Inflows - Pension		104,275
Net OPEB Liability (Asset) and Deferred Outflows & Deferred Inflows - OPEB		(7,673)
Net Cash Used for Operating Activities	$	(353,778)

Schedule of Noncash Transactions:
During the fiscal year, the School's PPP loan of $98,735 was forgiven.

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Dayton SMART Elementary School (the School) is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through six. The School, which is part of the State's education program, is independent of any school district and nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax exempt status.

The School was approved for operation under contract with the Ohio Council of Community Schools (the Sponsor) commencing July 1, 2013 and expiring on June 30, 2016. The contract was renewed for a term commencing on July 1, 2016 and expiring on June 30, 2021. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The School paid the Sponsor a 3% sponsorship fee based on State Foundation revenue, which totaled $26,999 in fiscal year 2021. The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School (Note 13).

The School operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's one instructional/support facility by 3 non-certified and 9 certificated full time teaching personnel who provide services to 106 students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

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

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

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

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Community schools are statutorily required to adopt a budget by Ohio Revised Code Section 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 Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

E. Capital Assets

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

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

Land Improvements	10 years
Building Improvements	25 years
Furniture, Fixtures, and Equipment	3-5 years
Vehicles	7 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pensions and other postemployment benefits (OPEB). These deferred outflows of resources related to pensions and OPEB are explained in Note 9 and Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. These deferred inflows of resources related to pensions and OPEB are explained in Note 9 and Note 10.

G. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

H. Compensated Absences

Vacation and sick leave benefits are not carried forward to future fiscal years. The School does not pay sick leave benefits upon termination or retirement.

I. Pensions/Other Postemployment Benefits (OPEB)

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

J. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets. The School applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net position is available.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Operating Revenues and Expenses

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

L. Estimates

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

NOTE 3 – DEPOSITS

At June 30, 2021, the carrying amount of the School's deposits was $131,500 and the bank balance was $140,015. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2021, the School's bank balance was not exposed to risk as it was covered by the Federal Deposit Insurance Corporation.

NOTE 4 - RECEIVABLES

All receivables are considered collectible in full. A summary of intergovernmental receivables follows:

Funding Source	Amount
Federal Grants:	
Breakfast and Lunch Program	24,368
ESSER	4,390
Schoolwide Pooling	6,961
Foundation Underpayment	4,204
Retirement System Overpayment	5,694
Total Intergovernmental Receivable	45,617

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Being Depreciated				
Land Improvements	$ 23,500	$ -	$ -	$ 23,500
Building Improvements	792,087	-	-	792,087
Furniture, Fixtures, and Equipment	60,081	-	-	60,081
Vehicles	156,108	-	-	156,108
Total Capital Assets Being Depreciated	1,031,776	-	-	1,031,776
Less Accumulated Depreciation:				
Land Improvements	(15,275)	(2,350)	-	(17,625)
Building Improvements	(191,257)	(39,398)	-	(230,655)
Furniture, Fixtures, and Equipment	(28,088)	(4,176)	-	(32,264)
Vehicles	(150,504)	(5,604)	-	(156,108)
Total Accumulated Depreciation	(385,124)	(51,528)	-	(436,652)
Total Depreciable Capital Assets, Net	646,652	(51,528)	-	595,124
Total Capital Assets	$ 646,652	$ (51,528)	$ -	$ 595,124

NOTE 6 – LONG TERM OBLIGATIONS

	Beginning Balance	**Additions**	**Deletions**	**Ending Balance**	**Due Within One Year**
Mangen Note	$ 644,188	$ -	$ (16,906)	$ 627,282	$ 627,282
Hubert Note	212,294	-	(52,463)	159,831	159,831
PPP Loan	98,735		(98,735)	-	-
Net Pension Liability					
SERS	174,607	12,251	-	186,858	-
STRS	657,123	242,072	-	899,195	-
Net OPEB Liability					
SERS	72,939	-	(14,748)	58,191	-
Capital Leases	14,112	-	(3,276)	10,836	3,024
Total	$ 1,873,998	$ 254,323	$ (186,128)	$ 1,942,193	$ 790,137

NOTE 6 – LONG TERM OBLIGATIONS (Continued)

In fiscal year 2014, the School entered into a promissory note with Joann and Ed Hubert Family Foundation for operations. The note was approved for $450,000. The original note carried an interest rate of 3% and a maturity date of June 30, 2015. The School renegotiated the terms of the note, extending the maturity date to June 30, 2022, with a 4% interest rate.

In fiscal year 2014, the School entered into a promissory note with Mangen Family Foundation for operations and capital improvements. The note carried an interest rate of 0% and a maturity date of June 30, 2015. In fiscal year 2017, the School drew additional funds on the note and renegotiated the terms, extending the maturity date to June 30, 2018. The School drew and repaid $25,000 during fiscal year 2018. The School renegotiated the terms of the note, extending the maturity date to June 30, 2022, with a 3% interest rate.

In fiscal year 2020, the School received a forgivable loan pursuant to the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan carries an interest rate of 1% and has a maturity date of May 4, 2022. The School met all the requirements for forgiveness in April 2021 resulting in the entire balance being forgiven.

Debt-service-to-maturity requirements to retire the notes are as follows:

Fiscal Year Ended June 30:	Principal	Interest	Total
2022	$ 787,113	$ 23,979	$ 811,092
Totals	$ 787,113	$ 23,979	$ 811,092

NOTE 7 – CAPITAL LEASE

The School has entered into a lease agreement with De Lage Landen Financial for the lease of two copiers with accessories. The term of the lease was 60 months and commenced on February 2020, with required payments of $252 per month. Lease payments during the fiscal year totaled $3,276.

The equipment was originally capitalized in the amount of $15,120. This amount represents the present value of the minimum lease payments at the time of acquisition. At fiscal year-end, book value of the equipment was $10,584, which includes accumulated depreciation of $4,536.

The following is a schedule of the future payments required under the capital lease as of June 30, 2021:

Year Ended	Copiers
June 30, 2022	$ 3,024
June 30, 2023	3,024
June 30, 2024	3,024
June 30, 2025	1,764
Total	$ 10,836

NOTE 8 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School contracted with McGowan Governmental UW for general liability, property insurance, educational errors and omissions insurance.

Coverages are as follows:

Building and Contents ($5,000 deductible)	$ 4,454,081
Educational Errors and Omissions	1,000,000
General Liability:	
Per occurrence	1,000,000
Total per year	3,000,000

Settled claims have not exceeded commercial coverage in the past three years. There has been no significant change in coverage in the past year.

Worker's Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the annual total gross payroll by a factor that is calculated by the State.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Changes in Benefits between Measurement Date and the Fiscal Year End In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy 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.

The School's contractually required contribution to SERS was $13,162 for fiscal year 2021. Of this amount, $924 is reported as an intergovernmental payable.

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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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 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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School 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.

The School's contractually required contribution to STRS was $60,653 for fiscal year 2021. Of this amount, $5,638 is reported as an intergovernmental payable.

Net 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. The School's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.00291830%	0.00297147%	
Current Measurement Date	0.00282510%	0.00371623%	
Change in Proportionate Share	-0.00009320%	0.00074476%	
Proportionate Share of the Net Pension Liability	$ 186,858	$ 899,195	$ 1,086,053
Pension Expense	$ 10,267	$ 167,823	$ 178,090

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	$ 362	$ 2,017	$ 2,379
Changes of assumptions	-	48,271	48,271
Net difference between projected and actual earnings on pension plan investments	11,863	43,728	55,591
Changes in Proportionate Share and Difference between School Contributions And Proportionate Share of Contributions	-	175,913	175,913
School Contributions Subsequent to the Measurement Date	13,162	60,653	73,815
Total Deferred Outflows of Resources	$ 25,387	$ 330,582	$ 355,969
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	$ -	$ 5,749	$ 5,749
Changes in Proportionate Share and Difference between School Contributions And Proportionate Share of Contributions	6,039	98,092	104,131
Total Deferred Inflows of Resources	$ 6,039	$ 103,841	$ 109,880

$73,815 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (4,801)	$ 74,522	$ 69,721
2023	2,328	(1,900)	428
2024	4,946	44,877	49,823
2025	3,713	48,589	52,302
Total	$ 6,186	$ 166,088	$ 172,274

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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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)
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:

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net pension liability	$255,973	$186,858	$128,870

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

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:

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Inflation	2.50 percent
Acturial 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:

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

*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 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.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net pension liability	$1,280,298	$899,195	$576,243

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

NOTE 10 - DEFINED BENEFIT OPEB PLANS

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For 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, the School's surcharge obligation was $1,847, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements 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.

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. The School´s proportion of the net OPEB liability (asset) was based on the School´s share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Prior Measurement Date	0.00290040%	0.00297147%	
Current Measurement Date	0.00267750%	0.00371623%	
Change in Proportionate Share	-0.00022290%	0.00074476%	
Proportionate Share of the:			
Net OPEB Liability (Asset)	$ 58,191	$ (65,309)	
OPEB Expense	$ (3,750)	$ (2,076)	$ (5,826)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	$ 765	$ 4,184	$ 4,949
Changes of assumptions	9,920	1,077	10,997
Net difference between projected and actual earnings on OPEB plan investments	655	2,287	2,942
Changes in Proportionate Share and Difference between School Contributions And Proportionate Share of Contributions	3,789	24,860	28,649
School Contributions Subsequent to the Measurement Date	1,847	-	1,847
Total Deferred Outflows of Resources	$ 16,976	$ 32,408	$ 49,384
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	$ 29,599	$ 13,008	$ 42,607
Changes of Assumptions	1,466	62,035	63,501
Changes in Proportionate Share and Difference between School Contributions And Proportionate Share of Contributions	13,880	25,862	39,742
Total Deferred Inflows of Resources	$ 44,945	$ 100,905	$ 145,850

$1,847 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the 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:

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (5,671)	$ (15,068)	$ (20,739)
2023	(5,623)	(13,520)	(19,143)
2024	(5,628)	(12,983)	(18,611)
2025	(6,223)	(20,580)	(26,803)
2026	(4,984)	(3,366)	(8,350)
Thereafter	(1,687)	(2,980)	(4,667)
Total	$ (29,816)	$ (68,497)	$ (98,313)

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:

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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:

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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 1.50 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 the School´s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (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.

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net OPEB liability	$71,237	$58,191	$47,838

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	$45,829	$58,191	$74,747

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

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	Initial	Ultimate
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.

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:

NOTE 10 - DEFINED BENEFIT OPEB PLANS (Continued)

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

*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 the School´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.

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the Net OPEB (Asset)	($56,823)	($65,309)	($72,509)

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the Net OPEB (Asset)	($72,062)	($65,309)	($57,082)

NOTE 11 – EMPLOYEE BENEFITS

Insurance Benefits

The School provides life insurance to all employees through a private carrier. Coverage in the amount of $10,000 is provided to all certified and non-certified employees. Health, Dental and Vision insurance coverage is provided through Medical Mutual (health) and Guardian Insurance (dental and vision).

NOTE 12 – PURCHASED SERVICES

During the fiscal year ended June 30, 2021, purchased service expenses for services rendered by various vendors were as follows:

Health Services	$ 31,366
Management Services	230,061
Other Professional and Technical Services	113,772
Repairs and Maintenance Services	35,288
Garbage Removal and Cleaning	31,175
Other Purchased Services	9,343
Travel and Meeting Expense	60
Postage	440
Rentals	1,200
Advertising	3,802
Data Processing	7,335
Utilities	39,271
Contracted Food Services	90,555
Total	$ 593,668

NOTE 13 – CONTRACTED FISCAL SERVICES

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

1. Financial Management Services
2. Treasurer/Accounting Services
3. CCIP Administration

The School made $135,598 in payments to M&A during fiscal year 2021 and had a liability for services of $404,901 as of June 30, 2021 which is included as part of accounts payable. In addition, as disclosed in Note 6, the School had $627,282 of outstanding capital and operating notes with the Mangen Family Foundation as of June 30, 2021. These notes carry a 3% interest rate.

NOTE 14 - CONTINGENCIES

Grants - The School received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally 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 the School. The effect of any such disallowed claims on the overall financial position of the School at June 30, 2021, if applicable, cannot be determined at this time. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at fiscal year-end.

State Funding - 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 performed such a review on the School for fiscal year 2021 and determined the School was underpaid by $4,204. This amount is reported as intergovernmental receivable on the statement of net position.

Litigation - The School is not party to any legal proceedings.

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META)

The School was a participant in the Metropolitan Educational Technology Association (META). META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs. The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School's degree of control is limited to its representation on the Board. The School paid META $5,898 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

NOTE 16 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the School has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61,* and certain provisions of GASB Statement No. Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98*, The Annual Comprehensive Financial Report.*

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 School.

GASB Statement No. 90 improves the 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 School.

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 the School.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School.

NOTE 17 – RESTRICTED NET POSITION

At June 30, 2021, the School reported restricted net position as follows:

State Grant Programs	$78,274

NOTE 18 – MANAGEMENT'S PLAN TO ADDRESS DEFICIT NET POSITION

Dayton SMART Elementary School (School) began operations in fiscal year 2014 with loan support from private foundations since financial assistance was not available from the normal State / Federal start-up grants. These loans enabled the School to purchase and renovate the current School facility and provide gap funding for ongoing operations since State Foundation payments were not adequate to cover the high-quality instruction program provided to the School students during fiscal year 2014.

NOTE 18 – MANAGEMENT'S PLAN TO ADDRESS DEFICIT NET POSITION (Continued)

At June 30, 2021, the School had a deficit net position of $(1,467,200). This negative net position is primarily the result of the School's net pension and OPEB liabilities, as reported by the pension systems. Fortunately, the School's Management Team has experience with starting Ohio community schools without the benefit of State/Federal start-up grants and has developed a comprehensive long-range plan to eliminate the deficit balance.

The Management's plan includes four primary areas of focus: (1) grow current student enrollment, (2) continue return-on investment budgeting, (3) trim expenditures not directly tied to student learning growth and (4) continued focus on process improvements in school operations and instruction. The Management Team is succeeding in making progress in each of these four priority areas. The School's enrollment decreased in FY18, improved in FY19 and FY20, and then decreased again in FY21. The use of ROI budgeting is in place for all spending requests, expenditures are evaluated for impact on student learning growth prior to approval and internal auditing is conducted on a quarterly basis to ensure continued process improvements. The DSBA Team (Board, Management, Teachers and Staff) will continue directing a significant amount of time and energy toward making stronger family connections to expand the awareness of the School's high academic performance and grow future student enrollment. In addition, financial planning will continue to focus on ROI confirmation for all purchases, trimming costs through process improvements and continued spending restrictions for any purchases not directly aligned to the School's instruction program.

During fiscal year 2021, the School remained current on all outstanding payables with the exception of its Fiscal Management Company, Mangen & Associates (M&A) and its Operator, Miniya Academies. The amount owed to M&A at June 30, 2021 included charges for contracted service fees. The objective for fiscal year 2022 through 2026 is to pay off a portion of the amount owed to M&A, the Mangen Family Foundation and the Hubert Family Foundation when cash flow is adequate to cover these payments while leaving enough cash to sustain a high-quality instruction program for DSBA students. The School's Board adopted a five-year balanced budget for FY22-FY26 which includes a plan for the sustaining payments toward the loan balance to the Mangen Family Foundation and the Hubert Family Foundation and the M&A outstanding payable.

The long-term objective is to build an unencumbered cash reserve equal to three months of core operating expenditures to meet ongoing cash flow requirements without the need for an outside loan or any philanthropic contributions.

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 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 Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 20 – SUBSEQUENT EVENT

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. 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.

REQUIRED SUPPLEMENTARY INFORMATION

Dayton SMART Elementary School
MONTGOMERY COUNTY

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

LAST SEVEN FISCAL YEARS (1) *

	2021	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.00282510%	0.00291830%	0.00317140%	0.00293110%	0.00345780%	0.00183830%	0.00156500%
School's Proportionate Share of the Net Pension Liability	$ 186,858	$ 174,607	$ 181,632	$ 175,127	$ 253,079	$ 104,895	$ 79,204
School's Covered Payroll	$ 99,314	$ 102,307	$ 103,342	$ 84,325	$ 107,196	$ 56,137	$ 45,467
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.15%	170.67%	175.76%	207.68%	236.09%	186.86%	174.20%
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%

(1) Information prior to 2015 is not available.

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

See accompanying notes to the required supplementary information

Dayton SMART Elementary School
MONTGOMERY COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST SEVEN FISCAL YEARS (1) *

	2021	2020	2019	2018	2017	2016	2015
School's Proportion of the Net Pension Liability	0.00371623%	0.00297147%	0.00317553%	0.00414698%	0.00310766%	0.00294431%	0.00270348%
School's Proportionate Share of the Net Pension Liability	$ 899,195	$ 657,123	$ 698,228	$ 985,124	$ 1,040,227	$ 813,721	$ 657,580
School's Covered Payroll	$ 387,964	$ 322,835	$ 334,196	$ 445,992	$ 314,348	$ 310,503	$ 295,471
School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	231.77%	203.55%	208.93%	220.88%	330.92%	262.07%	222.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

(1) Information prior to 2015 is not available.

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

See accompanying notes to the required supplementary information

Dayton SMART Elementary School
MONTGOMERY COUNTY

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Pension Contribution	$ 13,162	$ 13,904	$ 13,811	$ 13,951	$ 11,806	$ 15,007	$ 7,399	$ 6,302
Contributions in Relation to the Contractually Required Pension Contribution	13,162	13,904	13,811	13,951	11,806	15,007	7,399	6,302
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 94,014	$ 99,314	$ 102,307	$ 103,342	$ 84,325	$ 107,196	$ 56,137	$ 45,467
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

(1) Fiscal year 2014 was School's first year of operation

See accompanying notes to the required supplementary information

Dayton SMART Elementary School
MONTGOMERY COUNTY

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Pension Contribution	$ 60,653	$ 54,315	$ 45,197	$ 46,788	$ 62,439	$ 44,009	$ 43,470	$ 38,411
Contributions in Relation to the Contractually Required Pension Contribution	60,653	54,315	45,197	46,788	62,439	44,009	43,470	38,411
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 433,236	$ 387,964	$ 322,835	$ 334,196	$ 445,992	$ 314,348	$ 310,503	$ 295,471
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

(1) Fiscal year 2014 was School's first year of operation

See accompanying notes to the required supplementary information

Dayton SMART Elementary School
MONTGOMERY COUNTY

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

LAST FIVE FISCAL YEARS (1) *

	2021	2020	2019	2018	2017
School's Proportion of the OPEB Liability	0.00267750%	0.00290040%	0.00321660%	0.00297470%	0.00351160%
School's Proportionate Share of the OPEB Liability	$ 58,191	$ 72,939	$ 89,237	$ 79,833	$ 100,094
School's Covered Payroll	$ 99,314	$ 102,307	$ 103,342	$ 84,325	$ 107,196
School's Proportionate Share of the OPEB Liability as a Percentage of its Covered Payroll	58.59%	71.29%	86.35%	94.67%	93.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

Dayton SMART Elementary School
MONTGOMERY COUNTY

SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST FIVE FISCAL YEARS (1) *

	2021	2020	2019	2018	2017
School's Proportion of the OPEB Liability (Asset)	0.00371623%	0.00297147%	0.00317553%	0.00414698%	0.00310766%
School's Proportionate Share of the OPEB Liability (Asset)	$ (65,309)	$ (49,207)	$ (51,028)	$ 161,800	$ 166,198
School's Covered Payroll	$ 387,964	$ 322,835	$ 334,196	$ 445,992	$ 314,348
School's Proportionate Share of the OPEB Liability (Asset) as a Percentage of its Covered Payroll	-16.83%	-15.24%	-15.27%	36.28%	52.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.13%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

Dayton SMART Elementary School
MONTGOMERY COUNTY

SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required OPEB Contribution (2)	$ 1,847	$ 518	$ 1,859	$ 2,251	$ 1,623	$ 1,809	$ 1,449	$ 871
Contributions in Relation to the Contractually Required OPEB Contribution	1,847	518	1,859	2,251	1,623	1,809	1,449	871
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 94,014	$ 99,314	$ 102,307	$ 103,342	$ 84,325	$ 107,196	$ 56,137	$ 45,467
OPEB Contributions as a Percentage of Covered Payroll	1.96%	0.52%	1.82%	2.18%	1.92%	1.69%	2.58%	1.92%

(1) Fiscal year 2014 was School's first year of operation
(2) Includes Surcharge

See accompanying notes to the required supplementary information

Dayton SMART Elementary School
MONTGOMERY COUNTY

SCHEDULE OF SCHOOL'S OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required OPEB Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,955
Contributions in Relation to the Contractually Required OPEB Contribution	-	-	-	-	-	-	-	2,955
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 433,236	$ 387,964	$ 322,835	$ 334,196	$ 445,992	$ 314,348	$ 310,503	$ 295,471
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) Fiscal year 2014 was School's first year of operation

See accompanying notes to the required supplementary information

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

NOTE 2 – NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 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 2021	7.00 percent initially, decreasing to 4.75 percent
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 2021	5.25 percent initially, decreasing to 4.75 percent
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 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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.

NOTE 2 – NET OPEB LIABILITY (ASSET) (Continued)

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, 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 2.1 percent 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 2020. This was subsequently extended, see above paragraph.

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

Dayton SMART Elementary School
Montgomery County
601 South Keowee Street
Dayton, Ohio 45410

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Dayton SMART Elementary School, Montgomery County, (the School) as of and for the fiscal 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 April 7, 2022, wherein we noted the School reported a deficit net position. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

April 7, 2022

OHIO AUDITOR OF STATE
KEITH FABER

DAYTON SMART ELEMENTARY SCHOOL

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 5/5/2022

88 East Broad Street, Columbus, Ohio 43215
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