bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2019
Fiscal Year Audited Under GAGAS: 2019

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OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
North Dayton School of Discovery
3901 Turner Road
Dayton, Ohio 45415

We have reviewed the *Independent Auditor's Report* of the North Dayton School of Discovery, Montgomery County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 2, 2020

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NORTH DAYTON SCHOOL OF DISCOVERY
YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	9
Statement of Revenues, Expenses, and Change in Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Required Supplementary Information:	
Schedule of the Academy's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio	34
Schedule of the Academy's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio	35
Schedule of the Academy's Pension Contributions School Employees Retirement System of Ohio	36
Schedule of the Academy's Pension Contributions State Teachers Retirement System of Ohio	37
Schedule of the Academy's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio	38
Schedule of the Academy's Proportionate Share of the Net OPEB Liability – State Teachers Retirement System of Ohio	39
Schedule of the Academy's OPEB Contributions School Employees Retirement System of Ohio	40
Schedule of the Academy's OPEB Contributions State Teachers Retirement System of Ohio	41
Schedule of Expenditures of Federal Awards	42
Notes to the Schedule of Expenditures of Federal Awards	43
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*	45
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	47
Schedule of Findings 2 CFR§200.515	49

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bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

North Dayton School of Discovery
Montgomery County
3901 Turner Road
Dayton, Ohio 45415

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of North Dayton School of Discovery, Montgomery County, Ohio (the School), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Dayton School of Discovery, Montgomery County as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group
Piketon, Ohio
December 20, 2019

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The discussion and analysis of North Dayton School of Discovery's (the "School") financial performance provides an overall review of the School's financial activities through June 30, 2019. The intent of this discussion and analysis is to look at the School's financial performance as a whole. It should be read in conjunction with the financial statements and notes to the financial statements, which immediately follow this section, to enhance understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, issued June, 1999.

Financial Highlights

For the fiscal year ended June 30, 2019, total assets were $707,596, deferred outflows of resources were $1,199,209, total liabilities were $3,731,557, deferred inflows of resources were $2,190,275 and total net position was ($4,015,027).

Using this Financial Report

This report consists of the MD&A, the financial statements, and notes to those statements. The financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Reporting the School as a Whole

One of the most important questions asked about the School is, "As a whole, what is the School's financial condition as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position, which appear first in the School's financial statements, report information on the School as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the School's net position — the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position — as one way to measure the School's financial health or financial position. Over time, increases or decreases in the School's net position — as reported in the statement of net position — are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School's operating results. However, the School's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the School.

The statement of net position and the statement of revenues, expenses, and changes in net position report the activities for the School, which encompass all the School's services, including instruction, support services, community services, and food services. Unrestricted state aid and state and federal grants finance most of these activities. The School has entered into a services agreement (the "Agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the Agreement, NHA also provides the facility in which the School operates. Under the terms of the Agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources.

The table below provides a summary of the School's net position for fiscal years ended June 30:

	2019	2018
Assets:		
Current assets	$ 707,596	$ 417,352
Capital assets, net of accumulated depreciation	-	632
Total assets	707,596	417,984
Deferred outflows of resources:		
Pension system	1,162,451	1,909,784
OPEB	36,758	44,582
Total deferred outflows	1,199,209	1,954,366
Liabilities:		
Current liabilities	530,367	253,351
Net pension liability	3,087,196	4,374,740
Net OPEB liability	113,994	961,008
Total liabilities	3,731,557	5,589,099
Deferred inflows of resources:		
Pension system	1,667,895	1,264,035
OPEB	522,380	108,724
Total deferred inflows	2,190,275	1,372,759
Net position :		
Net investment in capital assets	-	632
Restricted - School Service Fund	127,809	112,219
Unrestricted	(4,142,836)	(4,702,359)
Total net position	$ (4,015,027)	$ (4,589,508)

The unrestricted net position represent the accumulated results of the School's operations to date. These assets can be used to finance day-to day-operations without constraints, such as legislative or legal requirements. The results of the current-year operations for the School as a whole are reported in the statement of revenues, expenses, and changes in net position, which shows the change in net position.

Statement of Revenues, Expenses, and Changes in Net Position

The table below shows the changes in net position as well as a listing of revenues and expenses for the fiscal years ending June 30:

	2019	**2018**
Operating revenues:		
Foundation payments	$ 5,066,016	$ 4,901,089
Food services	122	5
Other revenues	211,278	213,160
Total operating revenues	5,277,416	5,114,254
Operating expenses:		
Contracted service fee	6,913,141	6,980,516
Pension system recharacterization	(561,885)	(2,064,888)
Depreciation	632	2,621
Expenses of the Board of Directors	37,363	18,492
Total operating expenses	6,389,251	4,936,741
Operating income (loss)	(1,111,835)	177,513
Nonoperating revenues:		
Federal grants	1,389,575	1,351,152
State grants	8,687	-
Private sources—NHA	288,054	571,318
Total nonoperating revenues	1,686,316	1,922,470
Change in net position	$ 574,481	$ 2,099,983

As reported in the statement of revenues, expenses, and changes in net position, the cost of business activities was $6,389,251. These activities were primarily funded by the School's state aid (based on student count) and governments and organizations that subsidized certain programs with grants. *Revenues Non-operating – Private sources – NHA* represent a contribution granted by NHA for the excess of the School expenses over public revenues available.

The School experienced an increase in net position of $574,481 in 2019. The primary reason for the change in net position is the recharacterization of pension funding and the timing of Board discretionary expenditures. Under the terms of the Agreement, NHA provides a spending account to the Board of Directors for discretionary expenditures.

Capital Assets

At June 30, 2019, the School had $0, invested in capital assets from, primarily other equipment. Capital assets are substantially provided as part of the agreement with NHA.

General Economic Factors

The School depends on legislative and governmental support to fund its operations. Based on information currently available, no significant changes are expected to occur in the nature of the funding or operations of the School in 2020.

Contacting the School's Financial Management

The financial report is designed to provide users of the report with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Suite 201, Grand Rapids, MI 49512.

NORTH DAYTON SCHOOL OF DISCOVERY

STATEMENT OF NET POSITION
JUNE 30, 2019

CURRENT ASSETS:	
Cash	$ 49,676
Intergovernmental receivables	657,920
Total current assets	707,596
NON-CURRENT ASSETS:	
Capital assets	18,438
Less accumulated depreciation	(18,438)
Total non-current assets	-
Total assets	707,596
DEFERRED OUTFLOWS OF RESOURCES:	
Pension system	1,162,451
OPEB	36,758
Total deferred outflows	1,199,209
CURRENT LIABILITIES:	
Unearned revenue	66
Contracted service fee payable	530,301
Total current liabilities	530,367
NON-CURRENT LIABILITIES:	
Net pension liability	3,087,196
Net OPEB liability	113,994
Total liabilities	3,731,557
DEFERRED INFLOWS OF RESOURCES:	
Pension system	1,667,895
OPEB	522,380
Total deferred inflows	2,190,275
NET POSITION :	
Net investment in capital assets	-
Restricted - School Service Fund	127,809
Unrestricted	(4,142,836)
TOTAL NET POSITION	$ (4,015,027)

See notes to financial statements.

NORTH DAYTON SCHOOL OF DISCOVERY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

OPERATING REVENUES:	
Foundation payments	$ 5,066,016
Food services	122
Other revenues	211,278
Total operating revenues	5,277,416
OPERATING EXPENSES:	
Contracted service fee	6,913,141
Pension system recharacterization	(561,885)
Depreciation	632
Expenses of the Board of Directors	37,363
Total operating expenses	6,389,251
OPERATING INCOME	(1,111,835)
NONOPERATING REVENUES:	
Federal grants	1,389,575
State grants	8,687
Private sources — NHA	288,054
Total nonoperating revenue	1,686,316
CHANGE IN NET POSITION	574,481
NET POSITION — Beginning of year	(4,589,508)
NET POSITION — End of year	$ (4,015,027)

See notes to financial statements.

NORTH DAYTON SCHOOL OF DISCOVERY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from State of Ohio	$	5,025,308
Cash received from other operating revenue		211,278
Cash paid on behalf of the School for goods and services		(6,360,234)
Net cash used in operating activities		(1,123,578)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal grants received		1,111,285
State grants received		8,687
Net cash provided by noncapital financing activities		1,119,972
NET INCREASE IN CASH		(3,606)
CASH — Beginning of year		53,282
CASH — End of year	$	49,676
RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating income	$	(1,111,835)
Support from private sources — NHA		288,054
Entitlement commodities assistance		24,021
Depreciation		632
Changes in assets and liabilities:		
Change in intergovernmental receivables affecting operating revenue		(39,581)
Change in pension system, net		(561,885)
Change in accounts payable		-
Change in unearned revenue		(52)
Change in contracted service fee payable		277,068
NET CASH USED IN OPERATING ACTIVITIES	$	(1,123,578)
NON-CASH ACTIVITIES:		
Support from private sources — NHA	$	288,054
Entitlement commodities assistance	$	24,021

See notes to financial statements.

1. NATURE OF OPERATIONS

North Dayton School of Discovery (the "School") is an Ohio Public School, which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under an approved charter contract received from Educational Service Center of Lake Erie West (ESCLEW or the "Sponsor"), which is responsible for oversight of the School's operations. The charter contract's term expires on June 30, 2021. The School provides education to students in kindergarten through the eighth grade, at no cost to the parent. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation.

The School was established and is operated as a nonprofit corporation under Chapter 1702 of the Ohio Revised Code and believes itself to be exempt from taxation under Internal Revenue Code Section 115(1) because its income is derived from the exercise of an essential governmental function and accrues to the State of Ohio (the "State"). Donations to the School qualify as a charitable deduction under Internal Revenue Code Section 170(c)(1).

The School operates under the direction of a board of directors (the "Board"). The Board is responsible for carrying out the provisions of the contract with the Sponsor that include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The Board has entered into a services agreement (the "Agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the Agreement, NHA also provides the facility in which the School operates. The Agreement will continue until the termination or expiration of the charter contract, up to a maximum of five years, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the Agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources. *Revenues Non-operating – Private sources – NHA* represent a contribution granted by NHA for the excess of the School expenses over public revenues available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

The School's 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.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, 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's activities.

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 party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange 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 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.

Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Deposits — For cash management, all cash received by the School is pooled in a non-interest bearing central bank account. Total cash for the School is presented as "Cash" on the accompanying statement of net position. Cash as of June 30, 2019, represents bank deposits, which are covered by federal depository insurance.

Capital Assets — Capital assets, which include other equipment, are reported in the financial statements at historical cost. Capital assets are generally defined by the School as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Other equipment is depreciated using the straight-line method over useful lives of 3 to 10 years.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2019, represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the Agreement.

Unearned Revenue — Unearned revenue is reported in connection with funds that have been received for services which have not been performed and is therefore not yet earned.

Pensions — For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value. Pension system recharacterization expense represents the net impact of applying GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB).*

Deferred Outflows and Deferred 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 and will not be recognized as an outflow of resources (expense) until then. For the School, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 6 and 7.

In addition to liabilities, the statement of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School, deferred inflows of resources are reported, when applicable, for pension and OPEB on the statement of net position. (See Note 6 and 7.)

Operating Revenues and Expenses — The School currently participates in the State Foundation Program, the State Intervention Services Program, and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as nonoperating revenue in the accounting period in which all eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the fiscal year when use is 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.

Net Position — Net position represent the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Budgetary Process — The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis. Chapter 5705.391(A) of the Ohio Revised Code also requires the School to prepare a five-year forecast, update it annually, and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

3. DEPOSITS AND INVESTMENTS

At fiscal year-end June 30, 2019, the School's bank balance was $49,676. Based on the criteria described in GASB Statement No. 40*, Deposit and Investment Risk Disclosure,* as of June 30, 2019, none of the bank balance was exposed to custodial risk as discussed below and all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the School will not be able to recover the deposits or collateral securities that are in the possession of an outside party. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School and deposited with a qualified trustee by the financial institution as a security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasuer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School to a successful claim by the FDIC.

4. RECEIVABLES

Receivables at June 30, 2019, consisted of intergovernmental grants. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables at June 30, 2019, is as follows:

Due from State	$	41,562
Due from State - Special Ed		18,586
Title I		532,518
Title I School Improvement		(2,182)
Title IIA		18,178
IDEA Part B		47,131
National School Lunch & Breakfast		2,127
Total intergovernmental receivables	$	657,920

5. CAPITAL ASSETS

Capital asset activity of the School for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities — equipment	$ 18,438	$ -	$ -	$ 18,438
Less accumulated depreciation — equipment	(17,806)	(632)	-	(18,438)
Total capital assets — net	$ 632	$ (632)	$ -	$ -

6. DEFINED BENEFIT PENSION PLANS

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

B. Plan Description – School Employees Retirement System (SERS)

Plan Description — Certain non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, standalone 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 thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy — Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The School's contractually required contribution to SERS was $42,319 for fiscal year 2019. Of this amount $0 is reported as an intergovernmental payable.

C. Plan Description – State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplies by all years of service. . In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until 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.

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

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

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

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

Funding Policy — Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The School's contractually required contribution to STRS was $142,585 for fiscal year 2019. Of this amount $0 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities.

The following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate share of net pension liability	$ 603,525	$ 2,483,671	$ 3,087,196
Proportion of the net pension liability	0.010538%	0.011296%	
Total pension expense	$ 46,419	$ 234,580	$ 280,999

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

	SERS	STRS	Total
Deferred outflows of resources			
Difference between expected and actual experience	$ 33,102	$ 57,331	$ 90,433
Change in assumption	13,629	440,153	453,782
Changes in employer proportion and differences between contributions and proportionate share of contributions	43,599	389,733	433,332
School contributions subsequent to the measurement date	42,319	142,585	184,904
Total deferred outflows of resources	$ 132,649	$ 1,029,802	$ 1,162,451
Deferred inflows of resources			
Difference between expected and actual experience	$ -	$ 16,219	$ 16,219
Changes in employer proportion and differences between contributions and proportionate share of contributions	109,172	1,375,175	1,484,347
Net difference between projected and actual earnings on pension plan investments	16,722	150,607	167,329
Total deferred inflows of resources	$ 125,894	$ 1,542,001	$ 1,667,895

The School reported $184,904 as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending June 30	SERS	STRS	Total
2020	$ 14,551	$ (6,707)	$ 7,844
2021	(58,717)	(82,250)	(140,967)
2022	(91,158)	(398,802)	(489,960)
2023	99,760	(167,025)	(67,265)
Total	$ (35,564)	$ (654,784)	$ (690,348)

E. Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions Experience Study Date	5 Year Period Ended June, 30 2015
Investment Rate of Return	7.5 Percent of Net Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.50 Percent
Future Salary Increases, Including Inflation	3.5 Percent to 18.20 Percent
Wage Inflation	3.00 Percent

Mortality rates were based on the 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 were based upon the 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 were based upon the 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.

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

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

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

Discount Rate — The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 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 longterm expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School's proportionate share of the net pension liability	$ 850,111	$ 603,525	$ 396,780

F. Actuarial Assumptions – STRS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.5 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Investment Expenses, Including Inflation
Discount Rate of Return	7.45 Percent
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

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. 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. 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
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-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 Ohio's 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, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate incrases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long term expected rate of return on pension plan investment of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate — The following table presents the School's proportionate share of the net pension liability 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 rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School's proportionate share of the net pension liability	$ 3,627,074	$ 2,483,671	$ 1,515,935

7. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Net OPEB Liability

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. The net OPEB liability has been disclosed below.

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was $7,287 for fiscal year 2019. Of this amount $0 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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

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

		SERS		STRS		Total
Proportionate share of net OPEB liability	$	295,504	$	(181,510)	$	113,994
Proportion of the net OPEB liability		0.010652%		0.011296%		
Total OPEB expense	$	24,605	$	(393,692)	$	(369,087)

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

	SERS	STRS	Total
Deferred outflows of resources			
Difference between expected and actual experience	$ 4,823	$ 21,201	$ 26,024
Changes in employer proportion and differences between contributions and proportionate share of contributions	3,447	-	3,447
School's contributions subsequent to the measurement date	7,287	-	7,287
Total deferred outflows of resources	$ 15,557	$ 21,201	$ 36,758
Deferred inflows of resources			
Difference between expected and actual experience	$ -	$ 10,575	10,575
Change in assumptions	26,548	$ 247,322	273,870
Changes in employer proportion and differences between contributions and proportionate share of contributions	87,742	129,013	216,755
Net difference between projected and actual earnings on pension plan investments	443	20,737	21,180
Total deferred inflows of resources	$ 114,733	$ 407,647	$ 522,380

$7,287 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30	SERS	STRS	Total
2020	$ (25,064)	$ (67,593)	$ (92,657)
2021	(23,174)	(67,593)	(90,767)
2022	(17,193)	(67,595)	(84,788)
2023	(17,006)	(62,884)	(79,890)
2024	(17,036)	(61,230)	(78,266)
2025	(6,990)	(59,551)	(66,541)
Total	$ (106,463)	$ (386,446)	$ (492,909)

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, 2018, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.5 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment Expense including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 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 were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School's proportionate share of the net OPEB liability	$ 358,571	$ 295,504	$ 245,567

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 238,418	$ 295,504	$ 371,097

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

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 percent
Discount Rate of Return - Current Year	7.45 percent
Blended Discount Rate of Return - Prior Year	4.13 percent
Health Care Cost Trends:	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 percent ultimate

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

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

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

Since the Prior Measurement Date, 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 based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, 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 were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

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
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*10-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 Ohio's 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, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these 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 used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School's proportionate share of the net OPEB liability	$ (155,571)	$ (181,510)	$ (203,311)

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	$ (202,080)	$ (181,510)	$ (160,620)

8. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained through Citizens Insurance Company of America as follows:

Commercial General Liability	$1,000,000 per occurrence $3,000,000 in the aggregate with no deductible
Commercial Liability Umbrella	$5,000,000 per occurrence $5,000,000 in the aggregate with no deductible

There have been no significant reductions in insurance coverage during fiscal year 2019, and claims did not exceed coverage less retained risk deductible amounts during the past three fiscal years.

9. CONTINGENCIES

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 additional adjustments 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 2018 and 2019 which resulted in no significant adjustments to the Academy's funding.

In addition, the School's contracts with Educational Service Center of Lake Erie West require payment based on revenues received from the State. As discussed above, FTE adjustments could impact the Academy's funding and ultimate amount due to the sponsor.

10. RELATED PARTY

The Board Members for the School also serve as the Board members for Pathway School of Discovery; both academies are managed by NHA.

11. CONTRACTED SERVICE FEE

NHA incurred the following actual direct and indirect expenses on behalf of the School for the year ended June 30, 2019:

	Regular Instruction	Special Instruction	Support Services	Non-Instructional	Total
Contracted service fee:					
Direct expenses:					
Salaries & wages	$ 1,844,622	$ 373,813	$ 607,549	$ 16,026	$ 2,842,010
Employees' benefits	387,697	97,070	53,182	-	537,949
Professional & technical services	92,638	313,852	231,841	-	638,331
Property services	-	-	1,082,272	23,803	1,106,075
Utilities	-	-	63,395	-	63,395
Contracted craft or trade services	-	-	-	391,444	391,444
Transportation	-	72,363	5,020	-	77,383
Supplies	266,896	1,705	60,328	-	328,929
Other direct costs	102,210	1,012	209,152	-	312,374
	2,694,063	859,815	2,312,739	431,273	6,297,890
Indirect expenses:					
Overhead	-	-	615,251	-	615,251
Total expenses	$ 2,694,063	$ 859,815	$ 2,927,990	$ 431,273	$ 6,913,141

NHA charges expenses benefiting more than one school (i.e., indirect expenses) based on key cost drivers. These charges represent indirect cost of services provided in the operation of the School. Such services include, but are not limited to, education services, facilities management, equipment, operational support services, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, grant management, technology support, and marketing and communications.

12. SPONSORSHIP AGREEMENT

The School entered into a sponsorship agreement with ESCLEW. The sponsorship agreement provides that ESCLEW receives 2.5% of State Foundation funds received by the School from the State. Oversight fees paid to ESCLEW were $162,078 for fiscal year 2019.

13. OPERATING LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2018 through June 30, 2019. Annual rental payments required by the lease are $859,520 payable in twelve monthly payments of $71,627. This lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The School subsequently renewed the sublease with NHA for the period of July 1, 2019 through June 30, 2020, at the same rental rate.

* * * * * *

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.010538%	0.013915%	0.013737%	0.010244%	0.009797%
School's proportionate share of the net pension liability	$ 603,525	$ 831,396	$ 1,005,422	$ 584,561	$ 495,821
School's covered-employee payroll	$ 349,121	$ 458,450	$ 426,621	$ 213,600	$ 188,075
School's proportionate share of the net pension liability as a percentage of the total pension liability	172.87%	181.35%	235.67%	273.67%	263.63%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%	71.70%

Amounts presented as of the School's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
School's proportion of the net pension liability	0.011296%	0.014916%	0.019664%	0.016280%	0.016096%
School's proportionate share of the net pension liability	$ 2,483,671	$ 3,543,344	$ 6,582,291	$ 4,499,352	$ 3,915,199
School's covered-employee payroll	$ 1,284,129	$ 1,639,836	$ 2,069,079	$ 1,552,538	$ 1,649,925
School's proportionate share of the net pension liability as a percentage of the total pension liability	193.41%	216.08%	318.13%	289.81%	237.30%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%	74.70%

Amounts presented as of the School's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 42,319	$ 48,877	$ 64,183	$ 59,727	$ 28,152	$ 26,067	$ 23,219	$ 21,594	$ 18,567	$ 38,611
Contributions in relation to the contractually required contribution	42,319	48,877	64,183	59,727	28,152	26,067	23,219	21,594	18,567	38,611
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School covered-employee payroll	$ 302,279	$ 349,121	$ 458,450	$ 426,621	$ 213,600	$ 188,075	$ 167,764	$ 160,550	$ 147,709	$ 285,162
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

See accompanying notes to the required supplementary information.

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 142,585	$ 179,778	$ 229,577	$ 289,671	$ 217,355	$ 214,490	$ 215,964	$ 216,196	$ 177,249	$ 199,332
Contributions in relation to the contractually required contribution	142,585	179,778	229,577	289,671	217,355	214,490	215,964	216,196	177,249	199,332
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School covered-employee payroll	$ 1,018,463	$ 1,284,129	$ 1,639,836	$ 2,069,079	$ 1,552,538	$ 1,649,925	$ 1,661,264	$ 1,663,046	$ 1,363,454	$ 1,533,323
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST THREE FISCAL YEARS (1)

	2018	2017	2016
School's proportion of the net OPEB liability	0.010652%	0.014124%	0.013865%
School's proportionate share of the net OPEB liability	$ 295,504	$ 379,038	$ 395,207
School's covered-employee payroll	$ 349,121	$ 458,450	$ 426,621
School's proportionate share of the net OPEB liability as a percentage of the total OPEB liability	84.64%	82.68%	92.64%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available.

Amounts presented as of the School's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST THREE FISCAL YEARS [1]

	2018	2017	2016
School's proportion of the net OPEB liability	0.011296%	0.014916%	0.019664%
School's proportionate share of the net OPEB liability	$ (181,510)	$ 581,970	$ 1,051,661
School's covered-employee payroll	$ 1,284,129	$ 1,639,836	$ 2,069,079
School's proportionate share of the net OPEB liability as a percentage of the total OPEB liability	-14.13%	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability	176.00%	47.10%	37.30%

[1] *Information prior to 2016 is not available.*

Amounts presented as of the School's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST SIX FISCAL YEARS (1)

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 7,287	$ 5,581	$ 7,711	$ 6,776	$ 3,174	$ 1,474
Contributions in relation to the contractually required contribution	7,287	5,581	7,711	6,776	3,174	1,474
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School covered-employee payroll	$ 302,279	$ 349,121	$ 458,450	$ 426,621	$ 213,600	$ 188,075
Contributions as a percentage of covered-employee payroll (2)	2.41%	1.60%	1.68%	1.59%	1.49%	0.78%

(1) Information prior to 2014 is not available.
(2) Includes employee surcharge

See accompanying notes to the required supplementary information.

NORTH DAYTON SCHOOL OF DISCOVERY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST SIX FISCAL YEARS (1)

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ 16,499
Contributions in relation to the contractually required contribution	-	-	-	-	-	16,499
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School covered-employee payroll	$ 1,018,463	$ 1,284,129	$ 1,639,836	$ 2,069,079	$ 1,552,538	$ 1,649,925
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

(1) Information prior to 2014 is not available.

See accompanying notes to the required supplementary information.

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NORTH DAYTON SCHOOL OF DISCOVERY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Program Title/Project Number/Subrecipient Name	CFDA Number	Expenditures
Clusters:		
Child Nutrition Cluster - U.S. Department of Agriculture -		
Passed through the Ohio Department of Education:		
Noncash Assistance (Commodities) -		
National Lunch Program Entitlement Commodities 2018-19	10.555	$ 24,021
Cash Assistance:		
National School Lunch Program 1718	10.555	
National School Lunch Program 1819	10.555	300,317
National School Lunch Program (incl. commodities) Subtotal		324,338
National School Breakfast Program 1718	10.553	
National School Breakfast Program 1819	10.553	113,715
National School Breakfast Program Subtotal		113,715
Total Child Nutrition Cluster		438,053
Special Education Cluster - U.S. Department of Education		
Passed through Ohio Department of Education		
IDEA Flowthrough:		
IDEA Flowthrough 1819	84.027	145,020
IDEA Flowthrough 1819 Restoration	84.027	17,270
Total IDEA Flowthrough		162,290
IDEA PreSchool:		
IDEA PreSchool 1819	84.173	132
IDEA PreSchool 1819 Restoration	84.173	402
Total IDEA PreSchool		534
Total Special Education Cluster		162,824
Other federal awards:		
Passed through the Ohio Department of Education:		
Title I Part A		
Title I Part A 1718	84.010	98,438
Title I Part A 1819	84.010	597,768
Total Title I Part A		696,206
Title I Part A School Improvement:		
Title I Part A School Improvement 1718	84.010	(4,363)
Total Title I Part A School Improvement		(4,363)
Title II Part A - Improving Teacher Quality		
Title II Part A 1718	84.367	3,418
Title II Part A 1819	84.367	87,587
Total Title II Part A		91,005
Total noncluster programs passed through the Ohio Department of Education		782,848
Total federal awards		$ 1,383,725

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School it is not intended to and does not present the financial position, changes in net position, or cash flows of the School.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C. CHILD NUTRITION CLUSTER

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

D. FOOD DONATION PROGRAM

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

E. TRANSFERS BETWEEN FEDERAL PROGRAMS

During the fiscal year 2019, the School made allowable transfers of $32,293 and $21,584 from the Title IIA Improving Teacher Quality (Title IIA) program to the Title I Grants to Local Educational Agencies (Title I) program and from Title IV Student Support and Academic Enrichment, respectively. The amount reported for the Title IIA and Title IV programs on the Schedule excludes the amount transferred to the Title I program. The amount transferred to the Title I program is included as Title I expenditures when disbursed. The following table shows the gross amount drawn for the Title IIA and Title IV programs during fiscal year 2019 and the amount transferred to the Title I program:

Program Title	Federal CFDA Number	Amount
Title IIA Improving Teacher Quality	84.367	$ 112,663
Transfer to Title I Grants to Local Educational Agencies	84.010	(32,293)
Total Title IIA Improving Teacher Quality		$ 80,370
Title IV Student Support and Academic Enrichment	84.424	$ 21,584
Transfer to Title I Grants to Local Educational Agencies	84.010	(21,584)
Total Title IV Improving Teacher Quality		$ -

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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*

North Dayton School of Discovery
Montgomery County
3901 Turner Road
Dayton, Ohio 45415

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 North Dayton School of Discovery, Montgomery County, (the School) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 20, 2019

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

North Dayton School of Discovery
Montgomery County
3901 Turner Road
Dayton, Ohio 45415

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited North Dayton School of Discovery's (the School) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect North Dayton School of Discovery's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on the Major Federal Program

In our opinion, North Dayton School of Discovery complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 20, 2019

NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY

Schedule of Findings
2 CFR § 200.515
June 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

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

NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY

Schedule of Findings
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June 30, 2019

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

None

2. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

OHIO AUDITOR OF STATE
KEITH FABER

NORTH DAYTON SCHOOL OF DISCOVERY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 19, 2020

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