

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

Board of Directors
Dohn Community High School
608 E. McMillan Ave
Cincinnati, OH 45206

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

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 13, 2022

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**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

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Independent Auditor's Report

Dohn Community High School
Hamilton County
608 E. McMillan Street
Cincinnati, Ohio 45206

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Dohn Community High School, Hamilton County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Dohn Community High School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Dohn Community High School, Hamilton County, Ohio, as of June 30, 2021, and the respective changes in its financial position and cash flows the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Dohn Community High School. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, on our consideration of the Dohn Community High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dohn Community High School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Dohn Community High School's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
April 28, 2022

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The discussion and analysis of the Dohn Community High School, Hamilton County, Ohio (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the Schools financial performance as a whole; readers should also review the notes to the basic financial statement and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- For fiscal year 2021, the net position is (\$3,845,874). For year fiscal year 2020, the net position was (\$3,059,868). The School is required to report under GASB 68 Accounting and Financial Items Pensions and GASB 75 Accounting and Financial for Post Employment Items other than Pensions. This results in the fiscal year 2021 net position being reduced by \$7,812,406.
- The School derived 98 percent of their revenues through federal and state programs.
- Salaries accounted for 38 percent of the \$13,087,914 in operating expenses for fiscal year 2021, which is down 3 percent from fiscal year 2020 as the reporting of cash basis expenses were up over \$1.5 million from the prior year with the significant increase in FTE counts.
- The School ended the fiscal year with 1080 funded students, which is a 14.3% increase over fiscal year 2020.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of four components: the management discussion and analysis, the basic financial statements, notes to those statements and required supplementary information. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position presents information on all the School's assets, deferred outflows, liabilities, and deferred inflows with the difference between those reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the School's net position changed during the most recent fiscal year.

The statement of cash flows presented the sources and uses of the School's cash and how it changed during the most recent fiscal year.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 1 provides a summary of the School's net position for fiscal year 2021 compared to fiscal year 2020.

Table 1
Net Position

	2021	2020	Change
Assets			
Current assets	\$2,531,216	\$1,214,923	\$1,316,293
Net OPEB assets	288,245	271,638	16,607
Capital assets, net	<u>4,910,584</u>	<u>3,566,486</u>	<u>1,344,098</u>
<i>Total assets</i>	<u>7,730,045</u>	<u>5,053,047</u>	<u>2,676,998</u>
Deferred Outflows			
	<u>3,377,707</u>	<u>3,994,871</u>	<u>(617,164)</u>
Liabilities			
Current liabilities	1,558,514	1,477,628	80,886
Long term liabilities			
Other long-term liabilities	1,916,754	217,910	1,698,844
OPEB	1,511,658	1,622,756	(111,098)
Pension	<u>8,798,281</u>	<u>7,767,175</u>	<u>1,031,106</u>
<i>Total liabilities</i>	<u>13,785,207</u>	<u>11,085,469</u>	<u>2,699,738</u>
Deferred Inflows			
	<u>1,168,419</u>	<u>1,022,317</u>	<u>146,102</u>
Net Position			
Net investment in capital assets	3,794,746	3,304,548	490,198
Restricted	2,084,913	802,854	1,282,059
Unrestricted	<u>(9,725,533)</u>	<u>(7,167,270)</u>	<u>(2,558,263)</u>
<i>Total net position</i>	<u>(\$3,845,874)</u>	<u>(\$3,059,868)</u>	<u>(\$786,006)</u>

The net pension liability (NPL) is the largest single liability reported by the School at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

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

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

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

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

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

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

The current assets increased as the School saw the cash balance increase by \$1,563,658 with additional funded for the increased students and balance in the 22+ program reserve. The intergovernmental receivable decreased by \$292,457. The majority of the receivable decrease resulted in large reimbursements received in July 2020 for the 22+ program. In the current year, the School reported the intergovernmental for grant revenues not received by year end. The capital assets increased as the School acquired another facility at 4100 Reading Road and did work at the sports complex. The increase in long term liabilities is the direct result of additional debt taken on related to the continued growth of the School with financing the two capital assets above. The School also has a PPP loan payable at year end but the School started the loan forgiveness process.

The School also reports liabilities for the net pension liability and net OPEB liability as a proportionate share of the total retirement system liability. The School reports a total liability of \$10,309,939 for these two items. These items increased by \$920,008 from last year as the School's prorated share in the retirement systems continues to increase.

The restricted net position for the School also jumped significantly. For the current year, the School reported over \$1.5 million in the 22+ program at year end.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 2 shows the change in net position for the year ended 2021 compared to fiscal year 2020.

Table 2
Change in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues			
Operating revenues:			
Foundation payments	\$8,732,100	\$7,698,626	\$1,033,474
Classroom fees	14,063	1,949	12,114
Charges for services	59,897	4,125	55,772
Other operating revenues	201,785	284,166	(82,381)
Non-operating revenues:			
Federal and state grants	3,338,092	2,558,975	779,117
Total revenues	<u>12,345,937</u>	<u>10,547,841</u>	<u>1,798,096</u>
Expenses			
Operating expenses:			
Salaries	4,932,623	4,853,758	78,865
Fringe benefits	3,075,149	3,359,135	(283,986)
Purchased services	4,605,229	3,359,087	1,246,142
Materials and supplies	312,780	232,672	80,108
Depreciation	151,082	96,276	54,806
Other expenses	11,051	13,508	(2,457)
Interest and fiscal charges	44,029	43,438	591
Total Expenses	<u>13,131,943</u>	<u>11,957,874</u>	<u>1,174,069</u>
Change in Net Position	(786,006)	(1,410,033)	<u>\$624,027</u>
Beginning Net Position	<u>(3,059,868)</u>	<u>(1,649,835)</u>	
Ending Net Position	<u><u>(\$3,845,874)</u></u>	<u><u>(\$3,059,868)</u></u>	

The School saw revenues increase from 2020 to 2021 as the School increased the enrollment from 945 (funding level) students in 2020 to 1080 during 2021 which impacted the foundation payments and additional grant funding was received. The portion of the increase in federal and state grant revenue is from ESSER program. The federal and state grants revenue includes funding from the 22+ Program which served were 784 adults at the end of the fiscal year. The School did increase the expenses for the current year as there was a need for additional staff members based on the enrollment increase although that was provided through contract services and support from the management company. The School has also reached capacity at the current location and other facilities. For fiscal year 2020, the School showed a pension/OPEB expense of \$2,300,250 being reported by the State Teachers' Retirement System between the GASB 68 and GASB 75 amounts. The amount for fiscal year 2021 is \$1,666,667.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Capital Assets

At the end of 2021, the School had \$4,910,584 (net of \$1,261,317 in accumulated depreciation) invested in land, buildings, building improvements, furniture, and equipment. Table 3 shows the fiscal year 2021 balances compared to fiscal year 2020:

Table 3
Capital Assets at June 30 (net)

	2021	2020	Change
Land	\$19,000	\$19,000	\$0
Construction in Progress	27,443	0	27,443
Building and Improvements	4,522,134	3,374,776	1,147,358
Furniture and Equipment	342,007	172,710	169,297
Totals	<u>\$4,910,584</u>	<u>\$3,566,486</u>	<u>\$1,344,098</u>

The largest increase relates to the School's addition of the 4100 Reading property and the sports complex improvements. For more information refer to note 5 of the notes to the financial statements.

Debt and Other Long-Term Liabilities

At June 30, 2021, the School has eight outstanding debt issues: a line of credit for \$115,000, loan payable of \$167,195, PPP loan payable of \$934,830, Teko Land Contract loan of \$775,346, Athletic Equipment loan of \$122,617 and three capital leases for \$50,680. For more information refer to Note 6 of the notes to the financial statements.

Current Financial Issues

The School continues to increase enrollment annually. The School received funding in 2021 based on 1,080 FTE students. The School receives its finances mostly from state aid. Per pupil aid for fiscal year 2022 as of November 2021 amounts to \$7,583 (up from \$7,526 in fiscal year 2021) per student on 1,433 FTE.

Contacting the School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact the Administrator of the School, 608 E. McMillan Avenue, Cincinnati, Ohio 45206 or call (513) 281-6100.

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF NET POSITION**

JUNE 30, 2021

Assets:

Current assets:

Cash and cash equivalents	\$ 2,353,915
Accounts receivable	45,092
Intergovernmental receivable	132,209
Total current assets	<u>2,531,216</u>

Noncurrent assets:

Net OPEB asset	288,245
Nondepreciable assets	46,443
Depreciable Capital assets	4,864,141
Total noncurrent assets	<u>5,198,829</u>

Total Assets 7,730,045

Deferred Outflows of Resources:

Pension	2,253,070
OPEB	1,124,637

Total Deferred Outflows of Resources: 3,377,707

Liabilities:

Current liabilities

Accounts payable	161,239
Accrued wages and benefits payable	977,255
Intergovernmental payable	170,514
Line of credit payable	115,000
Accrued interest payable	592
Current portion of long term debt	133,914
Total current liabilities	<u>1,558,514</u>

Long term liabilities

Over year - long term debt	1,916,754
Net OPEB liability	1,511,658
Net Pension liability	8,798,281
Total long term liabilities	<u>12,226,693</u>

Total Liabilities 13,785,207

Deferred Inflows of Resources:

OPEB	1,137,352
Pension	31,067

Total Deferred Inflows of Resources: 1,168,419

Net Position:

Net investment in capital assets	3,794,746
Restricted	2,084,913
Unrestricted (deficit)	(9,725,533)

Total Net Position (Deficit) \$ (3,845,874)

See accompanying notes to the basic financial statements

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Fiscal Year Ended June 30, 2021

Operating Revenues:	
Foundation payments	\$ 8,732,100
Donations	197,562
Classroom fees	14,063
Charges for services	59,897
Other operating revenues	<u>4,223</u>
Total operating revenues	<u>9,007,845</u>
Operating Expenses:	
Salaries	4,932,623
Fringe benefits	3,075,149
Purchased services	4,605,229
Materials and supplies	312,780
Depreciation	151,082
Other operating expenses	<u>11,051</u>
Total operating expenses	<u>13,087,914</u>
Operating Loss	<u>(4,080,069)</u>
Non-Operating Revenues (Expenses):	
Federal and State grants	3,338,092
Interest and fiscal charges	<u>(44,029)</u>
Total non-operating revenues (expenses)	<u>3,294,063</u>
Change in net position	(786,006)
Net position (deficit) at beginning of year	<u>(3,059,868)</u>
Net position (deficit) at end of year	<u><u>\$ (3,845,874)</u></u>

See accompanying notes to the basic financial statements

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended June 30, 2021

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 8,731,524
Cash received from classroom materials and fees	59,897
Cash received from other operating revenues	217,279
Cash payments for personal services	(6,172,119)
Cash payments for contract services	(4,532,349)
Cash payments for supplies and materials	(348,260)
Cash payments for other expenses	(11,051)
Net cash used for operating activities	<u>(2,055,079)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	3,617,771
Proceeds from PPP loan payable	934,830
Principal paid on line of credit	(275,000)
Interest paid on line credit	(19,461)
Net cash provided by noncapital financing activities	<u>4,258,140</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(1,467,737)
Proceeds from long term borrowings	950,240
Principal paid on debt obligations	(96,340)
Interest paid on debt obligations	(25,566)
Net cash used for capital and related financing activities	<u>(639,403)</u>

Net change in cash and cash equivalents	1,563,658
Cash and Cash Equivalents at beginning of year	790,257
Cash and Cash Equivalents at end of year	<u><u>2,353,915</u></u>

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

Operating loss	(4,080,069)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	151,082
Change in assets, liabilities, deferred outflows and deferred inflows:	
Increase in accounts receivable	(45,092)
Decrease in intergovernmental receivable	12,778
Increase in accounts payable	3,113
Increase in accrued wages and benefits	171,242
Increase in intergovernmental payable	65,200
Increase in OPEB related activities	205,938
Increase in pension related activities	1,460,729

Net cash used for operating activities	<u><u>\$ (2,055,079)</u></u>
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Non-cash transactions:

During fiscal year 2021, the School reported \$27,443 accounts payable as construction in progress

See accompanying notes to the basic financial statements

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

1. DESCRIPTION OF THE REPORTING ENTITY

Dohn Community High School (the “School”) is a nonprofit corporation established pursuant to Ohio Revised Code, Chapters 3314 and 1702, to small, personalized, non-traditional school, committed to serving educationally at-risk students in a safe, orderly environment by developing the basic academic, career, and social skills needed to pursue options following graduation. The School qualifies as an exempt organization under section 501(c)(3) of the Internal Revenue Code. The School, which is part of the State’s education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under contract for continuing Ohio Charter Schools with the Kids Count of Dayton, Inc. (the Sponsor) for a period of five years commencing July 1, 2007. The contract expired on June 30, 2012 but the Sponsor and School have renewed the agreement for consecutive one year periods. The School changed sponsors to Buckeye Community Hope Foundation for fiscal year 2020. The sponsor contract was renewed through fiscal year 2026 as of July 1, 2021.

The School operates under the direction of a seven member Board of Directors (the Board). The Board is responsible for carrying out the provisions of the contract with the Sponsor, which include but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admissions standards and qualifications of teachers. The Board has formed several committees to carry out the governance functions of the School. These include a Board Development Committee, Facility Committee, Fundraising Committee, Program Committee and a Finance/Audit Committee. The School’s Superintendent serves as a non-voting member of the Board.

The Board hires the Superintendent, who hires all the other staff, and manages the day-to-day operations of the School. The Board controls the School’s nine instructional/support facility staff by 77 non-certified, 2 part-time counselors, 8 full time counselors and 46 certified full time teaching personnel who provide services to 1,080 students (FTE).

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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 a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School's accounting policies.

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The School uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities and deferred inflows are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net position. The statement of cash flows reflects how the School finances and meets its cash flow needs. Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

D. Cash and Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in accounts in the School's name. Monies for the School are maintained in bank accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. The School had no investments during fiscal year 2021.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School maintains a capitalization threshold of fifteen hundred dollars. The School does not possess any infrastructure.

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

Capital assets, except land and construction in progress, are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	30
Furniture and Equipment	5-10

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program, State Special Education Program and the Poverty Based Assistance Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

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

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

Amounts awarded under grants and entitlements for the year ended June 30, 2021 totaled \$12,070,192.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amount reported and disclosures. Accordingly, actual results may differ from those estimates.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily the State Foundation program, the State Special Education program, the Twenty-two plus program and specific charges to the students or users of the School. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period 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/OPEB. The deferred outflows of resources related to pension/OPEB are explained in Notes 8 and 9.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, deferred inflows of resources are reported on the statement of net position for pension/OPEB. The deferred inflows of resources related to pension/OPEB are explained in Notes 8 and 9.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Pension/OPEB

For purposes of measuring the net pension/OPEB asset/liability and deferred outflows/inflows of resources related to pension/OPEBs, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

L. Twenty-two plus program

The School started initially in May 2015 but ramped up during fiscal year 2016 participation in a State of Ohio program referred to as Twenty-Two Plus. The program allows adults to work towards getting their high school degree. The School received state reimbursements for adults participating in the program. For fiscal year 2021, the School received \$2,095,331 while working with 784 adults up from approximately 650 students in 2020.

3. DEPOSITS AND INVESTMENTS

At June 30, 2021, the carrying amount of the School's deposits was \$2,353,915 and the bank balance was \$2,478,017. \$250,000 of the bank balance was covered by Federal Depository Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the School.

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

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

4. RECEIVABLES

Receivables at June 30, 2021, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

<u>Intergovernmental</u>	<u>Amount</u>
USAS E-Rate reimbursement	\$17,280
Federal and State Food Service Subsidy	9,452
Title VI-B Grant	8,615
ESSER Grant	33,463
Title I Grant	37,358
Title II Grant	22,129
Miscellaneous Federal Grant	3,912
Total	<u>\$132,209</u>

5. CAPITAL ASSETS

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

	<u>Balance 6/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/21</u>
Capital Assets Not Being Depreciated				
Land	\$19,000	\$0	\$0	\$19,000
Construction in Progress	0	27,443	0	27,443
Total Capital Assets Being Depreciated	<u>19,000</u>	<u>27,443</u>	<u>0</u>	<u>46,443</u>
Capital Assets Being Depreciated				
Building and Improvements	4,252,180	1,242,658	0	5,494,838
Furniture and Equipment	405,541	225,079	0	630,620
Total Capital Assets Being Depreciated	<u>4,657,721</u>	<u>1,467,737</u>	<u>0</u>	<u>6,125,458</u>
Less Accumulated Depreciation				
Building and Improvements	(877,404)	(95,300)	0	(972,704)
Furniture and Equipment	(232,831)	(55,782)	0	(288,613)
Total Accumulated Depreciation	<u>(1,110,235)</u>	<u>(151,082)</u>	<u>0</u>	<u>(1,261,317)</u>
Total Capital Assets Being Depreciated, Net	<u>3,547,486</u>	<u>1,316,655</u>	<u>0</u>	<u>4,864,141</u>
Capital Assets, Net	<u>\$3,566,486</u>	<u>\$1,344,098</u>	<u>\$0</u>	<u>\$4,910,584</u>

DOHN COMMUNITY HIGH SCHOOL**Hamilton County**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

6. DEBT

During the fiscal year 2021, the following changes occurred in long-term debt.

Description	Balance 06/30/20	Additions	Deletions	Balance 06/30/21	Due Within One Year
DIRECT BORROWINGS:					
Line of Credit	\$390,000	\$0	\$275,000	\$115,000	\$115,000
PNC Loan Payable 2017	190,138	0	22,943	167,195	24,008
PPP Loan Payable	0	934,830	0	934,830	0
Teko Land Contract Payable	0	800,000	24,654	775,346	56,451
Athletic Equipment Loan	0	150,240	27,623	122,617	31,520
Total Long Term Liabilities	\$580,138	\$1,885,070	\$350,220	\$2,114,988	\$226,979

Other long-term obligations for the School as of June 30, 2021 was as follows:

Description	Balance 06/30/20	Additions	Deletions	Balance 06/30/21	Due Within One Year
Leases Payable	\$71,800	\$0	\$21,120	\$50,680	\$21,935
Net OPEB Liability					
SERS	1,622,756	0	111,098	1,511,658	0
Net Pension Liability					
SERS	4,140,208	698,100	0	4,838,308	0
STRS	3,626,967	333,006	0	3,959,973	0
Total Long Term Liabilities	\$9,461,731	\$1,031,106	\$132,218	\$10,360,619	\$21,935

On August 17, 2017 the School entered into a loan agreement with PNC bank for \$249,000 to finance renovations on the School's properties. The loan carries an interest rate of 4.70% with a final maturity of August 17, 2027.

During 2018, the School requested a line of credit from PNC bank with an interest rate of 5.25% that has a maximum credit limit of \$500,000. The School did not make any draws but made nine payments and \$385,000 of the line of credit remained unused as of June 30, 2021.

During fiscal year 2020, the School entered into three different capital leases with Ally Auto Online for the lease of a Ram Truck (0% interest) and two 2018 Ford Transit Vans (7.35% interest rate). The Ram Truck expires in July 2022 and the two van leases expire in August 2024.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

6. DEBT (continued)

On May 20, 2020, the School entered into a financing agreement with Playground Equipment Services for several athletic improvements to the sports complex. The funds were not drawn down until fiscal year 2021. The payable has a five year term at a 4.7% interest rate.

During 2021, the School completed a PPP loan for \$934,830 to help the School implement a health and safety program. The School has applied for the loan forgiveness but has not been granted the relief as of June 30, 2021.

On April 1, 2021, the School entered into a loan contract with Teko Land Group to finance the balance on the 4100 Reading property. The contract payable is for ten years with an interest rate of 6%.

All of the issuances, with the exception of the lease, are considered direct borrowings.

Fiscal Year Ending June 30,	PNC Loan Payable		
	Principal	Interest	Total
2022	\$24,008	\$7,347	\$31,355
2023	25,161	6,194	31,355
2024	26,370	4,986	31,355
2025	27,636	3,719	31,355
2026	28,963	2,392	31,355
2027-2028	35,057	1,028	36,085
Total	<u>\$167,195</u>	<u>\$23,566</u>	<u>\$190,761</u>

Fiscal Year Ending June 30,	TEKO Land Contract Payable		
	Principal	Interest	Total
2022	\$56,451	\$41,247	\$97,698
2023	65,220	41,360	106,580
2024	69,243	37,337	106,580
2025	73,514	33,066	106,580
2026	78,048	28,532	106,580
2027-2031	432,870	64,501	497,371
Total	<u>\$775,346</u>	<u>\$246,043</u>	<u>\$1,021,389</u>

Fiscal Year Ending June 30,	Athletic Equipment Loan Payable		
	Principal	Interest	Total
2022	\$31,520	\$5,089	\$36,609
2023	33,034	3,575	36,609
2024	34,620	1,989	36,609
2025	23,443	407	23,850
Total	<u>\$122,617</u>	<u>\$11,060</u>	<u>\$133,677</u>

DOHN COMMUNITY HIGH SCHOOL

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

6. DEBT (continued)

Fiscal Year Ending June 30,	Leases Payable		
	Principal	Interest	Total
2022	\$21,935	\$2,511	\$24,446
2023	13,297	1,634	14,931
2024	13,376	690	14,066
2025	2,072	18	2,090
Total	<u>\$50,680</u>	<u>\$4,853</u>	<u>\$55,533</u>

7. RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended 2021, the School contracted with Argonaut Insurance Company for insurance. Coverage provided by Argonaut Insurance Company includes the following with a \$1,000 deductible in total:

General Liability:	
Per occurrence	\$1,000,000
Personal Injury	1,000,000
Total per year	3,000,000
Automobile Liability	1,000,000
Building and Contents	4,889,035
(total)	
High School, High School Annex, 2061 Melrose Avenue, 7710 Reading Road, 7617 Reading Road, 135 W. Fourth Street, 4100 Reading Road, 2420 Harrison Avenue, 5545 Colerain Avenue and 224 West Liberty Street.	
Excess Liability Umbrella (per occurrence/aggregate)	1,000,000
Employee Dishonesty (\$250 deductible)	50,000
Forgery (\$250 deductible)	50,000
Money and Securities (\$250 deductible)	10,000

Settled claims not have exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

B. Worker's Compensation

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

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

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	Age 65 with 5 years of service credit; or 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 or \$86 multiplied by the years of service. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a 2.5 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit. Retirements on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). If the funded ratio is less than 70%, the entire 14% employers' contribution shall be allocated to SERS' basic benefits. If the funded ratio is 70% but less than 80%, at least 13.50% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 80% but less than 90%, at least 13.25% of the employers' contribution shall be allocated to SERS' basic benefits, with the remainder (if any) allocated to the Health Care Fund. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund SERS' basic benefits.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

For the fiscal year ended June 30, 2021, the funding percentage was 68.55%; therefore, the allocation to pension, death benefits, and Medicare B was 14 percent. Nothing was allocated to the Health Care Fund for fiscal year 2021.

The School's contractually required contribution to SERS was \$441,070 for fiscal year 2021. Of this amount \$68,550 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, Ohio 43215-3771, or by visiting the STRS website at www.strsohio.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 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 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.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. 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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio has therefore included all three plan options as one defined benefit plan for GASB 68 schedules of employer allocations and pension amounts by employer.

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, 2021, plan members were required to contribute 14 percent of their annual covered salary. The School was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School's contractually required contribution to STRS was \$296,795 for fiscal year 2021. Of this amount \$49,072 is reported as an intergovernmental payable.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability - prior measurement date	0.0691975%	0.01640093%	
Proportion of the Net Pension Liability - current measurement date	<u>0.0731502%</u>	<u>0.01636593%</u>	
Change in proportionate share	<u><u>0.003953%</u></u>	<u><u>-0.000035%</u></u>	
Proportionate Share of the Net Pension Liability	\$4,838,308	\$3,959,973	\$8,798,281
Pension Expense	\$1,422,344	\$809,241	\$2,231,585

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$9,440	\$8,886	\$18,326
Net difference between projected and actual earnings on pension plan investments	307,135	192,574	499,709
Changes in proportion share	305,112	479,481	784,593
Changes in assumptions	0	212,574	212,574
School contributions subsequent to the measurement date	<u>441,070</u>	<u>296,795</u>	<u>737,865</u>
Total Deferred Outflows of Resources	<u><u>\$1,062,757</u></u>	<u><u>\$1,190,310</u></u>	<u><u>\$2,253,067</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$25,321	\$25,321
Changes in proportion share	<u>0</u>	<u>5,746</u>	<u>5,746</u>
Total Deferred Inflows of Resources	<u><u>\$0</u></u>	<u><u>\$31,067</u></u>	<u><u>\$31,067</u></u>

DOHN COMMUNITY HIGH SCHOOL

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

\$737,865 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$251,757	\$433,553	\$685,310
2023	145,748	215,026	360,774
2024	128,020	127,854	255,874
2025	<u>96,162</u>	<u>86,015</u>	<u>182,177</u>
Total	<u>\$621,687</u>	<u>\$862,448</u>	<u>\$1,484,135</u>

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, 2020, are presented below:

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For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results on an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability were the same as the prior measurement date: (a) the assumed rate of inflation was 3.00%, (b) payroll growth assumption was 3.50%, (c) assumed real wage growth was 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members used to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was followed RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member used the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 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	\$6,628,057	\$4,838,308	\$3,336,815

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

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For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation**</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	<u>2.25</u>
Total	<u>100.00 %</u>	<u>7.61 %</u>

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

8. DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table 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	\$5,638,312	\$3,959,973	\$2,537,720

9. DEFINED BENEFIT OPEB PLANS

Net OPEB Asset/Liability

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

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

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

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.

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For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Academy 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.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, The Board seeks to maintain a funded ratio of at least 90% for basic pension benefits. If the basic benefit funded ratio is less than 70%, the entire 14% of the employers' contributions will be allocated to basic pension benefits. If the funded ratio is at least 70% but less than 80%, the minimum portion of the employers' contribution allocated to basic pension benefits is 13.50% of payroll; the remaining 0.50% may be allocated to the Health Care Fund at the Board's discretion. If the funded ratio is at least 80% but less than 90%, at least 13.25% of the employers' contribution will be allocated to basic pension benefits with the remaining 0.75% being allocated to the Health Care Fund at the Board's discretion. If the funded ratio is 90% or greater, the Health Care Fund may receive any portion of the employers' contribution that is not needed to fund basic pension benefits.

For fiscal year 2021, the contribution to health care was 0 percent. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Academy paid \$40,324 for the SERS surcharge.

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 Ohio 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 Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS Ohio did not allocate any employer contributions to post-employment health care.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

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

The net OPEB asset/liability was measured as of June 30, 2020, and the total OPEB asset/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 asset/liability was based on the School's share of contributions to the OPEB plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability - prior measurement date	0.0645285%	0.01640093%	
Proportion of the Net OPEB (Asset)/Liability - current measurement date	<u>0.0695550%</u>	<u>0.01636593%</u>	
Change in proportionate share	<u><u>0.005027%</u></u>	<u><u>-0.000035%</u></u>	
 Proportionate Share of the Net OPEB Liability/(Asset)	\$1,511,658	(\$288,246)	\$1,223,412
OPEB Expense (Income)	\$406,075	\$4,967	\$411,042

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$19,855	\$18,430	\$38,285
Changes of assumptions	257,686	4,748	262,434
Net difference between projected and actual earnings on pension plan investments	17,027	10,080	27,107
Changes in proportion share	667,848	88,642	756,490
School contributions subsequent to the measurement date	<u>40,324</u>	<u>0</u>	<u>40,324</u>
Total Deferred Outflows of Resources	<u><u>\$1,002,740</u></u>	<u><u>\$121,900</u></u>	<u><u>\$1,124,640</u></u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 768,784	\$ 57,292	\$ 826,076
Changes in assumptions	<u>38,075</u>	<u>273,201</u>	<u>311,276</u>
Total Deferred Inflows of Resources	<u><u>\$806,859</u></u>	<u><u>\$330,493</u></u>	<u><u>\$1,137,352</u></u>

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

\$40,324 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$93,634)	\$52,206	(\$41,428)
2023	(94,872)	45,383	(49,489)
2024	(94,671)	42,989	(51,682)
2025	(45,760)	41,510	(4,250)
2026	(4,946)	12,606	7,660
Thereafter	<u>178,326</u>	<u>13,899</u>	<u>192,225</u>
Total	<u>(\$155,557)</u>	<u>\$208,593</u>	<u>\$53,036</u>

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.

DOHN COMMUNITY HIGH SCHOOL

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

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

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

DOHN COMMUNITY HIGH SCHOOL

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the 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 2.45 percent, as of June 30, 2020 (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.

DOHN COMMUNITY HIGH SCHOOL

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in 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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School's proportionate share of the net OPEB liability	\$1,850,232	\$1,511,658	\$1,242,492

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School's proportionate share of the net OPEB liability	\$1,190,315	\$1,511,658	\$1,941,375

Actuarial Assumptions – STRS

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

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
Cost-of-Living Adjustments	0.0 percent, effective July 1, 2017 (COLA)
Discount Rate of Return	7.45 percent
Health Care Cost Trends	-6.69 to 5 percent initial, 4 percent ultimate
Prescription Drug Cost Trends	6.50 to 11.87 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.

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Notes to the Basic Financial Statements

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9. DEFINED BENEFIT OPEB PLANS (continued)

Actuarial assumptions used in the June 30, 2020, 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% 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 current measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.984 percent to 2.055 percent per year, max 30 years effective January 1, 2021. Beginning in 2022, the STRS Ohio subsidy dollar amount for non-Medicare plans will be frozen at the current 2021 levels. Annual increases in the STRS Ohio subsidy dollar amount for Medicare plans will be based on the annual percentage increase in the Aetna Medicare Advantage Plan, limited to 6%.

For those who retire on or after August 2023, the first five years of service do not count towards the subsidy, so subsidy percentages are shifted five years, and those with less than 20 years of service receive no subsidy.

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

<u>Asset Class</u>	<u>Target Allocation**</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	<u>2.25</u>
Total	<u>100.00 %</u>	<u>7.61 %</u>

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding July 1, 2019.

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For the Fiscal Year Ended June 30, 2021

9. DEFINED BENEFIT OPEB PLANS (continued)

Discount Rate The discount rate used to measure the total OPEB asset was 7.45 percent as of June 30, 2020. 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 not projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

Sensitivity of the School's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as 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 (asset)	(\$250,258)	(\$288,246)	(\$319,341)
	1% Decrease	Current Trent Rate	1% Increase
School's proportionate share of the net OPEB (asset)	(\$317,373)	(\$288,246)	(\$251,401)

10. OTHER EMPLOYEE BENEFITS

Full-time teachers are entitled to eight days of sick leave a year. Administrative staff, including the administrative assistant, are entitled to eight days of sick leave a year. Full-time employees receive two personal days per calendar year. Part-time employees receive no personal days per calendar year. Unused personal days are paid out at year end. Unused sick leave may be carried forward up to 120 days. The School reports a liability within the accrued wages and benefits for 25% of the accumulated total \$101,559.

The School provides life insurance to all employees through a private carrier. Coverage in the amount of \$20,000 is provided to all full-time certified and non-certified employees.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

11. RESTRICTED ASSETS

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

Twenty-two Plus Program	\$1,554,110
Fidelity Grant	100,000
Ken Furier Memorial Fund	14,728
Miscellaneous Scholarships	71,430
Student Wellness Grant	313,827
Miscellaneous State Grants	<u>30,818</u>
Total	<u>\$2,084,913</u>

12. CONTINGENCIES

A. Grants

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

B. Litigation

The School is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

13. COVID - 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School. The School's investment portfolio may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

14. PURCHASED SERVICES

For the period July 1, 2020 through June 30, 2021, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	\$4,195,586
Food Service	82,797
Utilities	174,597
Communications	35,332
Other	116,917
Total Purchased	<u>\$4,605,229</u>

15. MANAGEMENT PLAN

The change in net position was (\$786,006) and the net position deficit was (\$3,845,874) as of June 30, 2021. The main reason for increased net position deficit was a \$1,666,667 increase in the net pension/OPEB liabilities and related deferred inflows and outflows of resources. The School has already seen an increase in enrollment in fiscal year 2022 and expects this to continue. Enrollment in fiscal year 2022 is 1433, up approximately 33% from fiscal year 2021, which has led to a \$2.4 million increase in foundation funding. Management will continue to monitor expenses to ensure the School remains fiscally sound.

16. MANAGEMENT COMPANY AGREEMENT

During prior fiscal years, the School contracted with Cincinnati Charter School Collaborative, LLC to serve as the School's management company. The initial contract term expired on July 31, 2020 and was automatically renewed for an additional term of two years. According to the contract's terms, the School shall pay a monthly fee of four percent (4%) of the School's qualified gross revenues, less the amount of any outstanding default costs and expenses ("fee") with a cap in the amount of \$300,000 per year to be paid to the Operator. The School is responsible for various other expenditures not included in the fee above including costs associated with furniture, computers, software, equipment or other miscellaneous items. The management company also provides Director Services for the School. In fiscal year 2021, the School paid \$406,430 to the Cincinnati Charter School Collaborative for management fees and expenses.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

17. SPONSORSHIP AGREEMENT

The School has entered into a sponsorship agreement with Buckeye Community Hope Foundation (the Sponsor), whereby, the Sponsor shall receive compensation for services provided to the School. The Sponsor shall provide the School Treasurer with fiscal oversight and administrative support related to the following:

- A. Support to ensure that the financial records of the School are maintained in the same manner as are financial records of School, pursuant to rules of the Auditor of State.
- B. Compliance with the policies and procedures regarding internal financial control of the School.
- C. Compliance with the requirements and procedures for financial audits by the Auditor of State.

During the fiscal year, the School paid the Sponsor \$253,275 in sponsorship fees.

18. SUBSEQUENT EVENTS

On July 26, 2021 and August 20, 2021, the School paid \$50,000 and \$50,000, respectively, on the line of credit balance. On September 27, 2021 the School paid \$15,000 to payoff the remaining principal on the line of credit.

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

Dohn Community High School (the "School")
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
The School's Proportion of the Net Pension Liability	0.0731502%	0.0691975%	0.0540621%	0.0334719%	0.0135802%	0.007439%	0.005438%	0.005438%
The School's Proportion Share of the Net Pension Liability	\$ 4,838,308	\$ 4,140,208	\$ 3,096,237	\$ 1,999,872	\$ 993,945	\$ 424,471	\$ 275,214	\$ 323,380
The School's Covered Payroll	2,289,543	2,292,881	2,131,852	1,102,286	366,521	217,985	145,346	143,569
The School's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	211.32%	180.57%	145.24%	181.43%	271.18%	194.72%	189.35%	225.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

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

See notes to the required supplementary information

Dohn Community High School (the "School")
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
The School's Proportion of the Net Pension Liability	0.01636593%	0.01640093%	0.01586613%	0.01224295%	0.00965068%	0.00954431%	0.00823986%	0.00823986%
The School's Proportion Share of the Net Pension Liability	\$ 3,959,973	\$ 3,626,967	\$ 3,488,606	\$ 2,908,339	\$ 3,230,373	\$ 2,637,768	\$ 2,004,219	\$ 2,387,413
The School's Covered Payroll	1,777,557	1,759,614	1,665,200	1,235,507	934,479	882,247	871,785	668,962
The School's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	222.78%	206.12%	209.50%	235.40%	345.69%	298.98%	229.90%	356.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

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

See notes to the required supplementary information

Dohn Community High School (the "School")
 Required Supplementary Information
 Schedule of the School's Pension Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 441,070	\$ 320,536	\$ 309,539	\$ 287,800	\$ 154,320	\$ 51,313	\$ 28,730	\$ 20,145	\$ 19,870	\$ 12,411
Contributions in Relation to the Contractually Required Contribution	(441,070)	(320,536)	(309,539)	(287,800)	(154,320)	(51,313)	(28,730)	(20,145)	(19,870)	(12,411)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	\$ 3,150,500	\$ 2,289,543	\$ 2,292,881	\$ 2,131,852	\$ 1,102,286	\$ 366,521	\$ 217,985	\$ 145,346	\$ 143,569	\$ 92,275
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See notes to the required supplementary information

Dohn Community High School (the "School")
 Required Supplementary Information
 Schedule of the School's Pension Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 296,795	\$ 248,858	\$ 246,346	\$ 233,128	\$ 172,971	\$ 130,827	\$ 123,515	\$ 113,332	\$ 86,965	\$ 83,355
Contributions in Relation to the Contractually Required Contribution	(296,795)	(248,858)	(246,346)	(233,128)	(172,971)	(130,827)	(123,515)	(113,332)	(86,965)	(83,355)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	\$ 2,119,964	\$ 1,777,557	\$ 1,759,614	\$ 1,665,200	\$ 1,235,507	\$ 934,479	\$ 882,247	\$ 871,785	\$ 668,962	\$ 641,192
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See notes to the required supplementary information

Dohn Community High School (the School)
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
The School's Proportion of the Net OPEB Liability	0.0695550%	0.0645285%	0.0524601%	0.0338839%	0.0135802%
The School's Proportion Share of the Net OPEB Liability	\$ 1,511,658	\$ 1,622,756	\$ 1,455,385	\$ 909,355	\$ 387,086
The School's Covered Payroll	\$ 2,289,543	\$ 2,292,881	\$ 2,131,852	\$ 1,102,286	\$ 366,521
The School's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	66.02%	70.77%	68.27%	82.50%	105.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available

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

See notes to the required supplementary information

Dohn Community High School (the School)
 Required Supplementary Information
 Schedule of the School's Proportionate Share of the Net OPEB Asset/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1)

	2020	2019	2018	2017	2016
The School's Proportion of the Net OPEB Asset/Liability	0.01636593%	0.01640093%	0.01586613%	0.01224295%	0.01224295%
The School's Proportion Share of the Net OPEB (Asset)/Liability	\$ (288,246)	\$ (271,638)	\$ (255,000)	\$ 477,674	\$ 654,756
The School's Covered Payroll	\$ 1,777,557	\$ 1,759,614	\$ 1,665,200	\$ 1,235,507	\$ 934,479
The School's Proportion Share of the Net OPEB Asset/Liability as a Percentage of its Covered Payroll	-16.22%	-15.44%	-15.31%	38.66%	70.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available

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

See notes to the required supplementary information

Dohn Community High School (the School)
 Required Supplementary Information
 Schedule of the School's OPEB Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 40,324	\$ 11,875	\$ 11,464	\$ 10,659	\$ -	\$ 4,003	\$ 3,409	\$ 1,169	\$ 1,152	\$ 799
Contributions in Relation to the Contractually Required Contribution	<u>(40,324)</u>	<u>(11,875)</u>	<u>(11,464)</u>	<u>(10,659)</u>	<u>-</u>	<u>(4,003)</u>	<u>(3,409)</u>	<u>(1,169)</u>	<u>(1,152)</u>	<u>(799)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The School Covered Payroll	3,150,500	2,289,543	2,292,881	2,131,852	1,102,286	366,521	217,985	145,346	143,569	92,275
Contributions as a Percentage of Covered-Payroll	1.28%	0.52%	0.50%	0.50%	0.00%	1.09%	1.56%	0.80%	0.80%	0.87%

See notes to the required supplementary information

Dohn Community High School (the School)
 Required Supplementary Information
 Schedule of the School's OPEB Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,718	\$ 6,609	\$ 6,412
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	(8,718)	(6,609)	(6,412)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The School Covered Payroll	2,119,964	1,777,557	1,759,614	1,665,200	1,235,507	934,479	882,247	871,785	668,962	641,192
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See notes to the required supplementary information

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

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

Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent

Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent

Assumed real wage growth was reduced from 0.75 percent to 0.50 percent

Rates of withdrawal, retirement and disability were updated to reflect recent experience.

Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.

Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.

Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - STRS

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

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS (fiscal year 2019)

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

Pre-Medicare

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

Medicare

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

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

Changes in Assumptions – SERS (fiscal year 2020)

Amounts reported for fiscal year 2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Medical Trend Assumption:	
Fiscal year 2020	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent
Fiscal year 2019	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2020 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent.

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Changes in Assumptions – SERS (fiscal year 2021)

Amounts reported for fiscal year 2021 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Medical Trend Assumption:	
Fiscal year 2021	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent
Fiscal year 2020	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

The discount rate used to measure the total OPEB asset/liability at June 30, 2021 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2020, the discount rate was the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from -6.00 percent to 11.87 percent initially and a 4.00 percent ultimate rate for fiscal year 2020.

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

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

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Changes in Benefit Terms – STRS

For fiscal year 2020, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.944 percent to 1.984 percent per year of service effective January 1, 2020.

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

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

SUPPLEMENTARY INFORMATION

**DOHN COMMUNITY HIGH SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2021	\$ 7,621
School Breakfast Program - COVID 19	10.553	COVID-19, 2021	3,230
Total School Breakfast Program			<u>10,851</u>
National School Lunch Program	10.555	2021	26,534
National School Lunch Program - COVID 19	10.555	COVID-19, 2021	8,825
National School Lunch Program - Food Donation	10.555	2021	9,982
Total National School Lunch Program			<u>45,341</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>56,192</u>
U.S. DEPARTMENT OF TREASURY PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
COVID-19 - Coronavirus Relief Fund - Other Education Entities	21.019	COVID-19, 2021	35,907
COVID-19 - Coronavirus Relief Fund - Broadband Connectivity	21.019	COVID-19, 2021	151,466
Total U.S. Department of Treasury and Coronavirus Relief Fund			<u>187,373</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	524,428
Special Education Cluster (IDEA):			
Special Education Grants to States - Restoration	84.027	2020	39,447
Special Education Grants to States	84.027A	84.027A, 2021	252,417
Total Special Education Grants to States and Special Education Cluster (IDEA)			<u>291,864</u>
Supporting Effective Instruction State Grants	84.367	2020	1,000
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	57,015
Total Supporting Effective Instruction State Grants			<u>58,015</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2021	11,987
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	COVID-19, 84.425D, 2021	143,463
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2022	61,710
Total Education Stabilization Fund			<u>205,173</u>
Total U.S. Department of Education			<u>1,091,467</u>
Total Expenitures of Federal Awards			<u>\$ 1,335,032</u>

The accompanying notes are an integral part of this schedule

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Dohn Community High School under programs of the federal government for the fiscal year ended June 30, 2021 and is prepared in accordance with the cash basis of accounting. 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 Dohn Community High School, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Dohn Community High School. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Dohn Community High School has not elected to use the 10% de minimis indirect cost rate.

NOTE 3 - CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Dohn Community High School
Hamilton County
608 E. McMillan Street
Cincinnati, Ohio 45026

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Dohn Community High School, Hamilton County, Ohio as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Dohn Community High School's basic financial statements, and have issued our report thereon dated April 28, 2022, wherein we noted as described Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

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

Dohn Community High School's Response to Finding

The Dohn Community High School's response to the finding identified in our audit is described in the accompanying corrective action plan. The Dohn Community High School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Julian & Grube, Inc.
April 28, 2022

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Dohn Community High School
Hamilton County
608 E. McMillan Street
Cincinnati, Ohio 45206

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Dohn Community High School's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Dohn Community High School's major federal programs for the fiscal year ended June 30, 2021. The Dohn Community High School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Dohn Community High School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Dohn Community High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Dohn Community High School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Dohn Community High School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Dohn Community High School's internal control over compliance.

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

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

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



Julian & Grube, Inc.
April 28, 2022

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

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

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2021-001

Material Weakness - Payroll Account Reconciliations

The payroll account reconciliation is the responsibility of management and is an important part of the School's overall operations. Payroll account reconciliations to zero unidentified amounts are an internal control to help ensure the accuracy of the School's activity.

The School was unable to provide evidence the payroll bank account is timely and properly reconciled to zero unidentified differences.

Without timely monthly payroll bank account reconciliations to zero unidentified differences, the School is at risk of mispostings of revenues and expenses which could lead to inaccurate financial reporting and the potential for misstatements or fraud.

We recommend the custodian of this account reconcile the account each month to a zero unidentified amount. We further recommend the reconciliations and supporting documentation be submitted to the Treasurer's office for review and we suggest the Treasurer's office consider random surprise audits of each bank account to help ensure it contains proper activity in accordance with Board policy guidelines.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



**DOHN COMMUNITY HIGH SCHOOL
 HAMILTON COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR § 200.511(b)
 JUNE 30, 2021**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2015	<u>Material Weakness - Payroll Account Reconciliations</u> - The payroll account reconciliation is the responsibility of management and is an important part of the School's overall purpose. The School's payroll account did not have evidence that the account had been properly reconciled during the fiscal year ended June 30, 2020.	Not Corrected	Finding repeated as 2021-001 as the payroll account is still not being reconciled.



**DOHN COMMUNITY HIGH SCHOOL
 HAMILTON COUNTY, OHIO**

**CORRECTIVE ACTION PLAN
 2 CFR § 200.511(c)
 JUNE 30, 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	The School has begun to develop a process to assist with the reconciliation in the future. During the current year, the School began maintaining supporting documentation to better assist with the reconciliation process and plans to begin performing the complete reconciliation during fiscal year 2022.	April 30, 2022	Michael Ashmore, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



DOHN COMMUNITY HIGH SCHOOL

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/26/2022

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

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