DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

OHIO AUDITOR OF STATE
KEITH FABER

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY
JUNE 30, 2024

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT

Dayton Regional STEM School
Montgomery County
1724 Woodman Drive
Kettering, Ohio 45420

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Dayton Regional STEM School, Montgomery County, Ohio (the School), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Dayton Regional STEM School, Montgomery County, Ohio as of June 30, 2024, and the changes in financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 School's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The management's discussion and analysis of the Dayton Regional STEM Schools' (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2024 are as follows:

- In total, net position was $19,201,974 at June 30, 2024.
- The School had operating revenues of $8,469,416, operating expenses of $8,577,182, non-operating revenues of $3,157,480 and non-operating expenses of $122,899 for the fiscal year ended June 30, 2024. The total change in net position was an increase of $2,926,815.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The statement of net position and statement of revenues, expenses and change in net position provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School's Financial Activities

Statement of Net Position; Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2024?" The statement of net position and statement of revenues, expenses and change in net position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net position and change in that position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's net pension liability and net OPEB liability.

The table below provides a summary of the School's net position at June 30, 2024 and June 30, 2023.

Net Position

	2024	2023
Assets		
Current assets	$ 11,811,548	$ 9,848,763
Capital assets, net	11,086,957	9,113,162
Total assets	22,898,505	18,961,925
Deferred Outflows of Resources	254,617	297,479
Liabilities		
Current liabilities	1,912,621	675,993
Non-current liabilities	1,936,369	2,190,440
Total liabilities	3,848,990	2,866,433
Deferred Inflows of Resources	102,158	117,812
Net Position		
Net investment in capital assets	8,177,227	7,050,487
Restricted	969,213	1,031,362
Unrestricted	10,055,534	8,193,310
Total net position	$ 19,201,974	$ 16,275,159

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the School's net position totaled $19,201,974.

At year-end, capital assets represented 48.42% of total assets. Capital assets consisted of land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and intangible right-to-use assets. Net investment in capital assets at June 30, 2024, was $8,177,227. These capital assets are used to provide services to the students and are not available for future spending. Although the School's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The table below shows the change in net position for the fiscal year 2024 and 2023.

Change in Net Position

	2024	2023
Operating revenues:		
Sales	$ 138,357	$ 142,048
State foundation	7,625,289	6,449,675
Tuition and fees	207,832	197,639
Donations	118,266	32,538
Miscellaneous	379,672	402,424
Total operating revenues	8,469,416	7,224,324
Operating expenses:		
Salaries and wages	281,331	240,387
Fringe benefits	129,829	186,394
Purchased services	7,356,247	5,709,757
Materials and supplies	480,851	685,143
Other	39,555	67,729
Depreciation/amortization	289,369	295,312
Total operating expenses	8,577,182	7,184,722
Non-operating revenues/(expenses):		
Federal and state grants	2,489,366	1,293,843
Interest	563,767	232,222
Subsidies	104,347	59,306
Interest and fiscal charges	(105,491)	(153,778)
Loss on disposal of capital assets	(17,408)	-
Total non-operating revenues/(expenses)	3,034,581	1,431,593
Change in net position	2,926,815	1,471,195
Net position at beginning of year	16,275,159	14,803,964
Net position at end of year	$ 19,201,974	$ 16,275,159

Operating revenues of the School increased $1,245,092 or 17.23%. This increase can mainly be attributed to an increase in State foundation revenues related to facilities funding as well as an increase in students.

Operating expenses increased $1,392,460 or 19.38%. This increase is the result of additional salaries and fringe benefit costs paid to employees and increased costs paid to Wright State University.

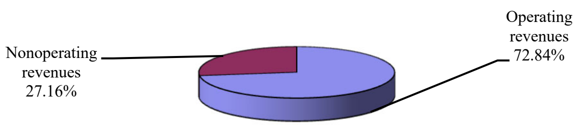
Federal and state grants increased due to more quality community school funding received from the State. Interest revenue increased due to an increase in interest rates earned on investments.

DAYTON REGIONAL STEM SCHOOLS
MONTGOMERY COUNTY, OHIO

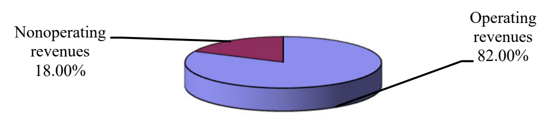
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)

The graphs below illustrate the revenues and expenses for the School during the fiscal year 2024 and 2023.

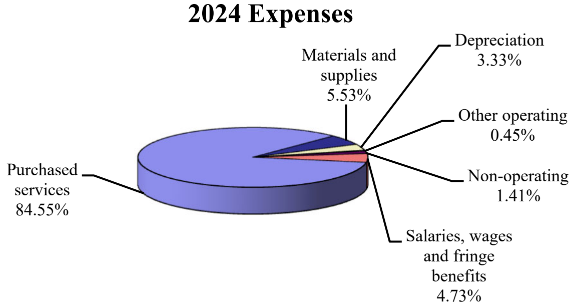
2024 Revenues



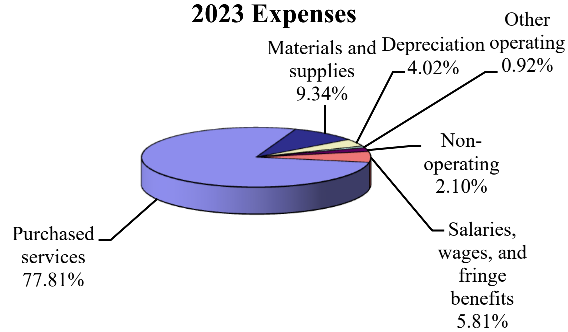
2023 Revenues



2024 Expenses



2023 Expenses



Capital Assets

At the end of fiscal year 2024, the School had $11,086,957 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment and intangible right-to-use assets. The following table shows June 30, 2024 balances compared to June 30, 2023.

Capital Assets at June 30
(Net of Depreciation/Amortization)

	2024	2023
Land	$ 1,417,765	$ 824,870
Construction in progress	1,577,663	26,158
Land improvements	179,660	179,350
Buildings and improvements	7,800,882	7,944,530
Furniture, fixtures and equipment	110,987	131,598
Intangible right-to-use assets	-	6,656
Total	$ 11,086,957	$ 9,113,162

See Note 6 to the basic financial statements for additional information on the School's capital assets.

Debt Administration

At June 30, 2024, the School had $1,730,000 in notes payable outstanding. Of this total, $305,000 is due within one year and $1,425,000 is due in more than one year.

See Note 7 to the basic financial statements for detail on the School's debt administration.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact Ms. Gina Samson, Treasurer at Dayton Regional STEM Schools, 1724 Woodman Dr, Kettering, Ohio 45420 or e-mail at gina.samson@daytonstemschool.org.

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DAYTON REGIONAL STEM SCHOOLS
MONTGOMERY COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2024

Assets:		
Current assets:		
Equity in pooled cash	$	7,407,925
Investments		3,777,485
Cash and cash equivalents held in escrow with trustee		108,166
Investments held in escrow with trustee		493,165
Receivables:		
Accounts		2,634
Accrued interest		16,386
Intergovernmental		5,392
Prepayments		395
Total current assets		11,811,548
Non-current assets:		
Nondepreciable capital assets		2,995,428
Depreciable capital assets, net		8,091,529
Total non-current assets		11,086,957
Total assets		22,898,505
Deferred outflows of resources:		
Pension		93,768
OPEB		160,849
Total deferred outflows of resources		254,617
Liabilities:		
Current liabilities:		
Accounts payable		87,713
Contracts payable		1,179,730
Accrued wages and benefits		9,822
Pension and postemployment benefits payable		9,172
Intergovernmental payable		64,537
Notes payable - finance purchase		305,000
Accrued interest payable		11,894
Unearned revenue		244,753
Total current liabilities		1,912,621
Non-current liabilities:		
Notes payable - finance purchase		1,425,000
Net pension liability		390,962
Net OPEB liability		120,407
Total non-current liabilities		1,936,369
Total liabilities		3,848,990
Deferred inflows of resources:		
Pension		5,493
OPEB		96,665
Total deferred inflows of resources		102,158
Net position:		
Net investment in capital assets		8,177,227
Restricted for:		
Restricted for debt service		775,000
Restricted for food service		128,409
Restricted for student activities		65,804
Unrestricted		10,055,534
Total net position	$	19,201,974

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DAYTON REGIONAL STEM SCHOOLS
MONTGOMERY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Operating revenues:	
Sales	$ 138,357
State foundation	7,625,289
Tuition and fees	207,832
Donations	118,266
Miscellaneous	379,672
Total operating revenues	8,469,416
Operating expenses:	
Salaries and wages	281,331
Fringe benefits	129,829
Purchased services	7,356,247
Materials and supplies	480,851
Other	39,555
Depreciation/amortization	289,369
Total operating expenses	8,577,182
Operating loss	(107,766)
Non-operating revenues (expenses):	
Federal and state grants	2,489,366
Interest	563,767
Subsidies	104,347
Interest and fiscal charges	(105,491)
Loss on disposal of capital assets	(17,408)
Total nonoperating revenues (expenses)	3,034,581
Change in net position	2,926,815
Net position at beginning of year	16,275,159
Net position at end of year	$ 19,201,974

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DAYTON REGIONAL STEM SCHOOLS
MONTGOMERY COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:	
Cash received from sales	$ 138,257
Cash received from state foundation	7,622,068
Cash received from donations	118,266
Cash received from students	207,832
Cash received from miscellaneous sources	408,454
Cash payments for salaries and wages	(281,642)
Cash payments for fringe benefits	(49,505)
Cash payments for purchased services	(7,701,446)
Cash payments for materials and supplies	(32,873)
Cash payments for other expenses	(39,902)
Net cash provided by operating activites	389,509
Cash flows from noncapital financing activities:	
Cash received from grants	2,493,321
Cash received from subsidies	104,347
Net cash provided by noncapital financing activities	2,597,668
Cash flows from capital and related financing activities:	
Interest and fiscal charges	(107,553)
Principal payments	(306,517)
Acquisition of capital assets	(1,127,000)
Net cash used in capital and related financing activities	(1,541,070)
Cash flows from investing activities:	
Purchase of investments	(2,018,339)
Maturity of investments	2,211,357
Interest received	503,148
Net cash used in investing activities	696,166
Change in cash and cash cash equivalents	2,142,273
Cash and cash equivalents at beginning of year	5,373,818
Cash and cash equivalents at end of year	$ 7,516,091
Reconciliation of operating loss to Net cash provided by operating activites	
Operating loss	$ (107,766)
Adjustments:	
Depreciation/amortization	289,369
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Decrease in accounts receivable	22,366
Decrease in intergovernmental receivable	3,095
Increase in prepayments	(74)
Decrease in deferred outflows - pension	50,405
Increase in deferred outflows - OPEB	(7,543)
Increase in accounts payable	59,982
Decrease in accrued wages and benefits	(307)
Increase in intergovernmental payable	42,446
Increase in pension and postemployment benefits payable	2,261
Increase in net pension liability	27,114
Increase in net OPEB liability	23,815
Decrease in deferred inflows - pension	(9,593)
Decrease in deferred inflows - OPEB	(6,061)
Net cash provided by operating activites	$ 389,509

Non-cash transactions:
- The School had outstanding intergovernmental receivables related to non-operating grants of $1,743 and $23,445 at June 30, 2024 and June 30, 2023, respectively.
- At June 30, 2024, the School had $244,753 in unearned revenue outstanding.
- At June 30, 2024 and June 30, 2023 the School purchased $1,179,730 and $26,158, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL

Dayton Regional STEM Schools (the "School") is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3326 to maintain and provide a school exclusively for any science, technology, engineering, math, and related teaching services. The School currently serves grades 6 through 12. The School, which is part of the State's education program, is independent of any school district and serves the State of Ohio with a concentration of students in the areas of Clark, Greene, and Montgomery Counties. The School is capable of suing and being sued, contracting and being contracted with, acquiring, holding, possessing, and disposing of real and personal property, taking and holding in trust for the use and benefit of the School, any grant or devise of land and any donation or bequest of money or other personal property.

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

The School was formed from a grant through Wright State University from the Ohio STEM Learning Network, which is managed by Battelle. The Ohio STEM Learning Network is a private non-profit program whose objective is to accelerate the spread of science, technology, engineering, and mathematics education innovations across Ohio using a network and systems oriented approach. The Ohio STEM Learning Network is funded through philanthropic cash and in-kind investments provided by private donors.

The School operates under a 8-member, self-appointed, Board of Trustees that consists of representatives of the regional organizations that were partnered to establish the School and shall not exceed 15 members. The Board of Trustees is responsible for adopting policies and procedures that govern the School and supervising the School Superintendent.

The School participates in two jointly governed organizations. These organizations are presented in Note 12 to the basic financial statements. These organizations are:

Jointly Governed Organizations:
Miami Valley Educational Computer Association (MVECA)
Southwestern Ohio Educational Purchasing Council

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources are included on the statement of net position. Equity consists of net total position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Revenues - Exchange and Non-Exchange Transactions

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

D. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. See Notes 10 and 11 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

E. Budgetary Process

Unlike traditional public schools located in the State of Ohio, STEM schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705.

The School's Board adopts a formal budget at the beginning of the School year. Spending limits are set based on projected revenue from the State of Ohio and other known sources. The Board's adoption of the budget states that actual expenditures are "not to exceed" budget amounts. The Superintendent is responsible for ensuring that purchases are made within these limits.

F. Cash and Investments

The School's Treasurer accounts for all monies received by the School. The School maintains two interest bearing depository accounts and all funds of the School are maintained in these accounts. These accounts are presented on the statement of net position as "equity in pooled cash".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities, US Treasury notes, negotiable certificates of deposit, commercial paper, a U.S. Government money market account and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The School invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

The School had an account held in escrow for future debt service related to the note payable - finance purchase. These accounts are presented on the statement of net position as "cash and cash equivalents held in escrow with trustee".

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School are presented on the financial statements as cash and cash equivalents.

G. Capital Assets and Depreciation/Amortization

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition values as of the date received. During a previous fiscal year, the School increased its capitalization threshold from $1,000 to $5,000. The School does not have any infrastructure.

All reported capital assets except land and construction in progress are depreciated/amortized. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

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

Description	Estimated Lives
Land improvements	20 years
Buildings/improvements	40 years
Furniture/fixtures/equipment	5 - 20 years

The School is reporting intangible right-to-use assets related to Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the subscription term or the useful life of the underlying asset.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items on the statement of net position. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the School. For the School, these revenues are payments from the State foundation program, classroom materials and fees and food service charges. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

J. Intergovernmental Revenues

The School currently participates in the State Foundation Program through the Ohio Department of Education and Workforce. Revenues received from the State Foundation Program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes 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. State and Federal grant revenue for the fiscal year 2024 was $2,489,366.

K. Estimates

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

L. Net Position

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Pensions/Other Postemployment Benefits (OPEB)

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

N. Fair Value

The School categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2024, the School has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the School.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the School.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and

8. Certain banker’s acceptance and commercial paper notes for a period not to exceed one-hundred eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time, if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the School had $40 in undeposited cash on hand which is included on the financial statements of the School as part of “equity in pooled cash”.

B. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all School deposits was $498,425 and the bank balance of all School deposits was $542,209. Of the bank balance, $282,407 was covered by the FDIC and $259,802 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the School will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. At June 30, 2024, $259,802 of the School’s bank balance was covered by OPCS.

C. Cash and Cash Equivalents and Investments Held in Escrow with Trustee

The School had $108,166 in cash and cash equivalents and $493,165 in investments held in escrow for a reserve related to the School’s note payable - finance purchase through the Dayton-Montgomery County and Lucas County Port Authorities. The investment associated with the account was a U.S. Treasury Note. This reserve is required to remain in place in full until all debt is repaid. This amount is not included in the “deposits” reported above.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of June 30, 2024, the School had the following investments and maturities:

		Investment Maturities				
Measurement/Investment Type:	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
Commercial paper	$ 1,162,209	$ 392,226	$ 769,983	$ -	$ -	$ -
FFCB	747,126	618,227	-	128,899	-	-
FHLB	193,055	99,784	-	-	93,271	-
FNMA	47,163	-	-	47,163	-	-
U.S. Treasury notes	121,453	-	-	-	-	121,453
Negotiable CDs	1,506,479	391,128	408,751	582,725	-	123,875
U.S. Government money market	594,201	594,201	-	-	-	-
Amortized Cost:						
STAR Ohio	6,315,259	6,315,259	-	-	-	-
Total	$ 10,686,945	$ 8,410,825	$ 1,178,734	$ 758,787	$ 93,271	$ 245,328

The U.S. Government money market is considered a cash and cash equivalent on the statement of cash flows as they have initial maturities of less than 3 months.

The weighted average of maturity of investments is 0.30 years.

The School's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The School’s investments in the commercial paper, federal agency securities (FFCB, FHLB, FNMA), U.S. Treasury notes and negotiable CD’s are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The School’s investments in commercial paper were rated A-1 and P-1 by Standard & Poor’s and Moody's Investor Services, respectively. The School's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody's Investor Services, respectively. Standard & Poor’s has assigned the U.S. Government money market an AAAm money market rating. The negotiable CD’s are not rated. STAR Ohio carries a rating of AAAm by Standard & Poor’s.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent, but not in the School’s name. The School has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2024:

Measurement/Investment type	Measurement Value	% of Total
Fair value:		
Commercial paper	$ 1,162,209	10.88
FFCB	747,126	6.99
FHLB	193,055	1.81
FNMA	47,163	0.44
U.S. Treasury notes	121,453	1.14
Negotiable CDs	1,506,479	14.10
U.S. Government money market	594,201	5.56
Amortized Cost:		
STAR Ohio	6,315,259	59.08
Total	$ 10,686,945	100.00

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2024:

Cash and investments per note	
Cash on hand	$ 40
Carrying amount of deposits	498,425
Cash and investments held in escrow with trustee	601,331
Investments	10,686,945
Total	$ 11,786,741
Cash and investments per statement of net position	
Business-type activities	$ 11,786,741

NOTE 5 - RECEIVABLES

Receivables at June 30, 2024 consisted of accounts, accrued interest and intergovernmental grants and entitlements. All intergovernmental receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables reported on the statement of net position follows:

	Amounts
Accounts	$ 2,634
Accrued interest	16,386
Intergovernmental:	
State foundation	5,392
Total	$ 24,412

NOTE 6 - CAPITAL ASSETS

Capital assets for the fiscal year June 30, 2024, were as follows.

	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
Capital assets, not being depreciated/amortized:				
Land	$ 824,870	$ 592,895	$ -	$ 1,417,765
Construction in progress	26,158	1,577,663	(26,158)	1,577,663
Total capital assets, not being depreciated/amortized	851,028	2,170,558	(26,158)	2,995,428
Capital assets, being depreciated/amortized:				
Land improvements	201,880	10,650	-	212,530
Building and improvements	10,143,882	108,358	-	10,252,240
Furniture, fixtures and equipment	384,344	17,164	(208,380)	193,128
Intangible right to use assets:				
SBITAs	13,313	-	(13,313)	-
Total capital assets, being depreciated/amortized	10,743,419	136,172	(221,693)	10,657,898
Less: accumulated depreciation/amortization:				
Land improvements	(22,530)	(10,340)	-	(32,870)
Building and improvements	(2,199,352)	(252,006)	-	(2,451,358)
Furniture, fixtures and equipment	(252,746)	(20,367)	190,972	(82,141)
Intangible right to use assets:				
SBITAs	(6,657)	(6,656)	13,313	-
Total accumulated depreciation/amortization	(2,481,285)	(289,369)	204,285	(2,566,369)
Governmental activities capital assets, net	$ 9,113,162	$ 2,017,361	$ (43,566)	$ 11,086,957

NOTE 7 - LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2024 were as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Notes payable - finance purchase	$ 2,030,000	$ -	$ (300,000)	$ 1,730,000	$ 305,000
SBITA payable	6,517		(6,517)	-	
Net pension liability	363,848	27,114	-	390,962	-
Net OPEB liability	96,592	23,815	-	120,407	-
Total governmental activities long-term obligations	$ 2,496,957	$ 50,929	$ (306,517)	$ 2,241,369	$ 305,000

Notes payable - finance purchase: In a previous fiscal year, the School entered into a notes payable - finance purchase for land and buildings and improvements. This notes payable - finance purchase transfers benefits and risks of ownership to the School. Capital assets acquired by the notes payable - finance purchase have been originally capitalized in the amount of $4,699,718, which represents the present value of the future minimum lease payments at the time of acquisition. Principal payments in fiscal year 2024 totaled $300,000.

NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)

The assets acquired through the notes payable - finance purchase are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Land	$ 824,870	$ -	$ 824,870
Buildings and improvments	3,874,848	(1,181,933)	2,692,915
Total	$ 4,699,718	$ (1,181,933)	$ 3,517,785

The following is a schedule of the future long-term minimum payments required under the notes payable - finance purchase and the present value of the future minimum payments as of June 30, 2024:

Fiscal Year Ending June 30,	Amount
2025	$ 396,025
2026	1,464,188
Total future minimum payments	1,860,213
Less: amount representing interest	(130,213)
Present value of future minimum payments	$ 1,730,000

SBITA Payable - The School has entered into agreements for the right to use subscription to software. Due to the implementation of GASB Statement No. 96, the School will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions.

The School has entered into agreements or subscriptions at varying years and terms as follows:

SBITA	Commencement Date	Years	End Date	Payment Method
IXL Subscription	2021	3	2024	Annual

At June 30, 2024, there were no further obligations.

Net Pension Liability and Net OPEB Liability: See Notes 10 and 11 for details.

NOTE 8 - PURCHASED SERVICES

Purchased services include the following:

Professional and technical services	$ 6,434,406
Property services	347,856
Travel mileage/meeting expense	42,411
Communications	55,179
Utilities	138,400
Contracted craft or trade	165,634
Tuition and other payments	145,410
Pupil transportation	14,033
Other purchased services	12,918
Total purchased services	$ 7,356,247

NOTE 9 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. During fiscal year 2024, the School participated in the Southwestern Ohio Educational Purchasing Council (Note 12) for liability, fleet, and property insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

There has been no significant reduction in insurance coverage since the prior fiscal year.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions–between an employer and its employees–of salaries and benefits for employee services. Pensions/OPEB are provided to an employee–on a deferred-payment basis–as part of the total compensation package offered by an employer for employee services each financial period. The 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/OPEB liability represent the School's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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 pensions/OPEB are financed; however, the School does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB 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 pension and postemployment benefits 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. 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 after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or 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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School is required to contribute 14.00% 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 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School's contractually required contribution to SERS was $53,423 for fiscal year 2024. Of this amount, $1,777 is reported as pension and postemployment benefits payable.

Net 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS
Proportion of the net pension liability prior measurement date	0.006727000%
Proportion of the net pension liability current measurement date	0.007075600%
Change in proportionate share	0.000348600%
Proportionate share of the net pension liability	$ 390,962
Pension expense	$ 121,349

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS
Deferred outflows of resources	
Differences between expected and actual experience	$ 16,805
Changes of assumptions	2,770
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	20,770
Contributions subsequent to the measurement date	53,423
Total deferred outflows of resources	$ 93,768

	SERS
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	$ 5,493
Total deferred inflows of resources	$ 5,493

$53,423 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS
Fiscal Year Ending June 30:	
2025	$ 14,668
2026	(9,260)
2027	29,150
2028	294
Total	$ 34,852

Actuarial Assumptions - SERS

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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, 2023 and June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Discount Rate	1% Increase
School's proportionate share of the net pension liability	$ 577,042	$ 390,962	$ 234,228

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 10 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

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

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was $30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School's surcharge obligation was $6,019.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contractually required contribution to SERS was $6,019 for fiscal year 2024. Of this amount, $6,019 is reported as pension and postemployment benefits payable.

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

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	SERS
Proportion of the net OPEB liability prior measurement date	0.006879700%
Proportion of the net OPEB liability current measurement date	0.007308700%
Change in proportionate share	0.000429000%
Proportionate share of the net OPEB liability	$ 120,407
OPEB expense	$ 16,230

At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS
Deferred outflows of resources	
Differences between expected and actual experience	$ 250
Net difference between projected and actual earnings on OPEB plan investments	934
Changes of assumptions	40,710
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	112,936
Contributions subsequent to the measurement date	6,019
Total deferred outflows of resources	$ 160,849

	SERS
Deferred inflows of resources	
Differences between expected and actual experience	$ 62,093
Changes of assumptions	34,198
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	374
Total deferred inflows of resources	$ 96,665

$6,019 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/asset in the fiscal year ending June 30, 2025.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS
Fiscal Year Ending June 30:	
2025	$ 11,891
2026	14,709
2027	18,696
2028	9,124
2029	(2,013)
Thereafter	5,758
Total	$ 58,165

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.

NOTE 11 - 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, 2023 and June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.86%
Prior measurement date	3.69%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.27%
Prior measurement date	4.08%
Medical trend assumption:	
Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. 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 long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

NOTE 11 - 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 the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Discount Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 153,914	$ 120,407	$ 93,985

	1% Decrease	Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 88,459	$ 120,407	$ 162,742

NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association - The School is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Ross, Madison, Montgomery and Highland Counties.

The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School paid MVECA $17,502 for services provided during the fiscal year. Financial information can be obtained from MVECA at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council - The School participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of over 300 school districts and boards of developmental disabilities in over 50 counties. The purpose of the Council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative.

The Council exercises total control over the operations of the coalition including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its presentation on the Council. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. The School paid $24,495 to SOEPC during the fiscal year. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 13 - RELATED PARTY TRANSACTIONS

The School contracts with Wright State University to utilize certain personnel and other resources. During the fiscal year, the School paid $5,552,522 to Wright State University for personnel (all teaching and administrative personnel are employees of Wright State University); pension and retirement benefits; supplies and purchased services. Three out of eight Board of Trustee members are from Wright State University.

The School entered into a guaranty agreement with the Wright State University Foundation, Inc. March 1, 2011 for the note payable - finance purchase with the Dayton-Montgomery County and Lucas County Port Authorities. The Wright State University Foundation, Inc. guarantees the full and prompt payment, when due, of the lease payments, not to exceed $3,000,000. See Note 7 for further information.

NOTE 14 - CONTINGENCIES

A. Grants

The School received financial assistance from State agencies in the form of grants. The expense of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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, 2024.

B. Foundation Funding

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

Under Ohio Rev. Code Section 3314.08, ODEW may also perform a FTE review for the fiscal year that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

As of the date of this report, ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the School, resulting in no material adjustments.

NOTE 15 - AGREEMENT WITH WRIGHT STATE UNIVERSITY

On August 3, 2009, the School contracted with Wright State University (WSU) to utilize certain WSU personnel and other resources as agreed upon, to provide services and facilitate operation of the School. The term of the contract began on August 3, 2009 and will continue to remain in full force and effect upon the same terms and conditions for successive periods of one year.

WSU Personnel - WSU will hire personnel mutually agreeable to the School to carry out the School's activities. The specific terms of their compensation, the definition of their duties and the allocation of their time and responsibilities between the work of the School and other duties to WSU shall be determined (and may be changed) jointly by the School and WSU. WSU shall be reimbursed for the use of WSU Personnel.

NOTE 15 - AGREEMENT WITH WRIGHT STATE UNIVERSITY - (Continued)

Responsibility for and Compensation of Personnel - WSU is responsible for all payroll and employment taxes, and other customary employer duties and responsibilities for the personnel during the term of the agreement. WSU provides appropriate workers' compensation coverage for employees throughout the term of the agreement and further provided all employee benefits for the employees customarily provided to others in like positions at WSU.

Personnel Employed by WSU - The Personnel designated to provide services under the agreement shall remain employees of WSU and shall be subject to any employment agreements between the employees and WSU. WSU shall not be required to hire or retain personnel utilized by the School unless funding for such is approved and available to the School.

WSU Resources - The School may utilize certain resources of WSU for use in its activities upon mutual agreement with WSU. The School shall reimburse WSU, as mutually agreed upon, for any costs directly incurred as a result of the School's use of such resources. WSU may choose to offer the School fiscal support and in-kind contributions of support at its discretion.

School Property - Files, reports, articles, electronic records and other such materials created or developed by WSU employees while performing services for the School are and will remain the School's property.

Insurance - Insurance customarily carried by those in the operation of an educational institution shall be maintained by each party. To the extent permitted by law and provided that the parties receive reciprocal treatment, each party shall name the other as an additional insured. The parties agree to notify each other in writing within 10 days of loss coverage or material change in such policies.

Reimbursement for Personnel and Resources - The School will reimburse WSU for all costs specifically applicable to the School's use of personnel and resources provided by WSU under the agreement, unless WSU at its discretion chooses not to seek reimbursement. Such costs are to include those incurred for salaries, taxes, insurance, employee benefits, amounts reimbursed for any out-of-pocket expenses (including but not limited to travel authorized by the School) incurred by personnel that are specifically allocable to the activities of the School, and any others directly associated with the use of personnel and resources of WSU by the School in its operations. WSU shall not be required to hire or retain personnel utilized by the School unless funding for such is approved and available to the School.

Records and Invoicing - Both the School and WSU shall keep records quantifying the use of WSU personnel and resources subject to reimbursement under the agreement. On the first of each month, WSU shall invoice the School for the personnel and resources provided in the previous month under the agreement which is to include a detailed accounting of the costs to be reimbursed. The School shall have five business days to challenge, in writing, the costs allocated to it under the amount billed. Any dispute as to the amount due shall be settled by the parties. The parties shall review their records and invoices/payments on a periodic basis (but no less often than annually) and shall make such adjustments as the parties deem necessary by mutual agreement to reflect the actual use of WSU personnel and other resource by the School.

Payment of Invoice - Payment of invoices by the School shall be made by the fifteenth day of the month in which the invoice is received. Notwithstanding the forgoing, in the event WSU has funds in a restricted account that is allocated for use by the School, such funds are to be used to offset any amounts owed by the School to WSU for use of personnel and resources before the School may be required to make payment out of its operating funds. Restricted funds may not be used to offset amounts owed by the School until after the five day period for the School to challenge the invoice has lapsed for the month in which the invoice was sent reflecting such expense and the use of such funds by WSU for the payment of expenses shall be reflected in the monthly invoice sent to the School in the subsequent month.

Termination - Either party may terminate the agreement at any time by providing 90 days written notice to the other party. A comprehensive review will occur every two calendar years by WSU and the School to begin on May 1 of odd numbered years and to conclude with a decision to continue or discontinue the agreement by June 30th of those odd numbered years.

NOTE 16 - SUBSEQUENT EVENT

On August 29, 2024, the School issued $21,500,000 in bonds for the construction of financing the costs of the architectural design, engineering, construction of improvements to, and/or equipping and furnishing of a single story building to be located at 2850 Donation Circle. The bonds carry an interest rate of 5.00% and have a final maturity date of December 1, 2060.

REQUIRED SUPPLEMENTARY INFORMATION

DAYTON REGIONAL STEM SCHOOLS
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
SCHOOL PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

Fiscal Year (1)	School's Proportion of the Net Pension Liability	School's Proportionate Share of the Net Pension Liability	School's Covered Payroll	School's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.007075600%	$ 390,962	$ 291,036	134.33%	76.06%
2023	0.006727000%	363,848	253,271	143.66%	75.82%
2022	0.006394900%	235,953	119,379	197.65%	82.86%
2021	0.001007100%	66,612	35,307	188.67%	68.55%
2020	0.000000000%	-	-	0.00%	70.85%
2019	0.000000000%	-	-	0.00%	71.36%
2018	0.000218800%	13,073	48,579	26.91%	69.50%
2017	0.001564200%	114,486	48,579	235.67%	62.98%
2016	0.001393200%	79,498	41,943	189.54%	69.16%
2015	0.001196000%	60,529	39,555	153.02%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 53,423	$ (53,423)	$ -	$ 381,593	14.00%
2023	40,745	(40,745)	-	291,036	14.00%
2022	35,458	(35,458)	-	253,271	14.00%
2021	16,713	(16,713)	-	119,379	14.00%
2020	4,943	(4,943)	-	35,307	14.00%
2019	-	-	-	-	13.50%
2018	-	-	-	-	13.50%
2017	6,801	(6,801)	-	48,579	14.00%
2016	6,801	(6,801)	-	48,579	14.00%
2015	5,528	(5,528)	-	41,942	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DAYTON REGIONAL STEM SCHOOLS
MONTGOMERY COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
SCHOOL OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School's Proportion of the Net OPEB Liability	School's Proportionate Share of the Net OPEB Liability	School's Covered Payroll	School's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.007308700%	$ 120,407	$ 291,036	41.37%	30.02%
2023	0.006879700%	96,592	253,271	38.14%	30.34%
2022	0.006595500%	124,825	119,379	104.56%	24.08%
2021	0.001051500%	22,853	35,307	64.73%	18.17%
2020	0.000000000%	-	-	0.00%	15.57%
2019	0.000000000%	-	-	0.00%	13.57%
2018	0.000198600%	5,330	48,579	10.97%	12.46%
2017	0.001520920%	43,352	48,579	89.24%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 6,019	$ (6,019)	$ -	$ 381,593	1.58%
2023	5,493	(5,493)	-	291,036	1.89%
2022	4,499	(4,499)	-	253,271	1.78%
2021	654	(654)	-	119,379	0.55%
2020	-	-	-	35,307	0.00%
2019	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	48,579	0.00%
2016	494	(494)	-	48,579	1.02%
2015	1,090	(1,090)	-	41,942	2.60%

(1) Amounts presented for each fiscal year were determined as of the School's measurement date which is the prior fiscal year-end.
(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) 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, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to 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 and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: 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 updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: 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 updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

NOTE 1 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

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

Dayton Regional STEM School
Montgomery County
1724 Woodman Drive
Kettering, Ohio 45420

To the Board of Trustees:

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 *(Government Auditing Standards)*, the financial statements of the Dayton Regional STEM School, Montgomery County, Ohio (the School) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 9, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2024

OHIO AUDITOR OF STATE
KEITH FABER

DAYTON REGIONAL STEM SCHOOL

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 12/26/2024

65 East State 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