OHIO AUDITOR OF STATE
KEITH FABER

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY
JUNE 30, 2021

TABLE OF CONTENTS

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OHIO AUDITOR OF STATE
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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 Financial Statements

We have audited the accompanying financial statements of the Dayton Regional STEM School, Montgomery County, Ohio (the School), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dayton Regional STEM School, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

May 27, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The management's discussion and analysis of the Dayton Regional STEM School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the 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, 2021 are as follows:

- In total, net position was $13,024,195 at June 30, 2021.

- The School had operating revenues of $7,029,961, operating expenses of $5,890,687, non-operating revenues of $963,506 and non-operating expenses of $194,211 for the fiscal year ended June 30, 2021. The total change in net position was an increase of $1,908,569.

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 2021?" 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. These statements can be found on pages 9 and 10 of this report.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 11 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 13-35 of this report.

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 required supplementary information can be found on pages 38-46 of this report.

The table below provides a summary of the School's net position at June 30, 2021 and June 30, 2020.

Net Position

	2021	2020
Assets		
Current assets	$ 7,779,143	$ 5,844,145
Capital assets, net	9,186,536	9,449,228
Total assets	16,965,679	15,293,373
Deferred Outflows of Resources	85,481	-
Liabilities		
Current liabilities	1,597,192	1,097,997
Non-current liabilities	2,414,465	3,050,092
Total liabilities	4,011,657	4,148,089
Deferred Inflows of Resources	15,308	29,658
Net Position		
Net investment in capital assets	6,571,536	6,554,228
Restricted	811,833	786,057
Unrestricted	5,640,826	3,775,341
Total net position	$ 13,024,195	$ 11,115,626

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the School's net position totaled $13,024,195.

At year-end, capital assets represented 54.15% of total assets. Capital assets consisted of land, land improvements, buildings and improvements, and furniture, fixtures and equipment. Net investment in capital assets at June 30, 2021, was $6,571,536. 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 2021 and 2020.

Change in Net Position

	2021	2020
Operating revenues:		
Sales	$ 14,418	$ 134,137
State foundation	6,027,514	5,685,644
Tuition and fees	120,250	137,313
Donations	599,013	119,666
Miscellaneous	268,766	279,353
Total operating revenues	7,029,961	6,356,113
Operating expenses:		
Salaries and wages	114,465	-
Fringe benefits	9,418	-
Purchased services	4,934,855	4,952,528
Materials and supplies	512,012	423,077
Other	42,268	65,934
Depreciation	277,669	380,980
Total operating expenses	5,890,687	5,822,519
Non-operating revenues/(expenses):		
Federal and state grants	793,721	471,684
Interest	25,475	125,007
Subsidies	144,310	157,050
Interest and fiscal charges	(194,211)	(187,119)
Loss on disposal of capital assets	-	(35,522)
Total non-operating revenues/(expenses)	769,295	531,100
Change in net position	1,908,569	1,064,694
Net position at beginning of year	11,115,626	10,050,932
Net position at end of year	$ 13,024,195	$ 11,115,626

Operating revenues of the School increased $673,848 or 10.60%. This increase can mainly be attributed to an increase in State foundation revenue related to opportunity grant and career technical funding and an increase in donations.

Operating expenses increased $68,168 or 1.17%. This increase is the result of additional salaries and fringe benefit costs paid to employees.

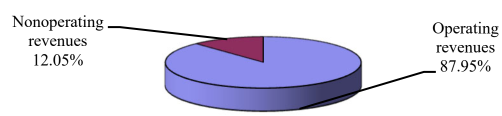
Federal and state grants increased due to Elementary and Secondary School Emergency Relief (ESSER) funding from the federal government.

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

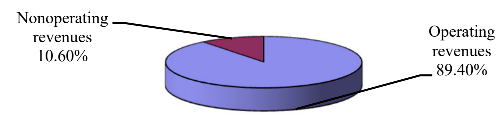
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The graphs below illustrate the revenues and expenses for the School during the fiscal year 2021 and 2020.

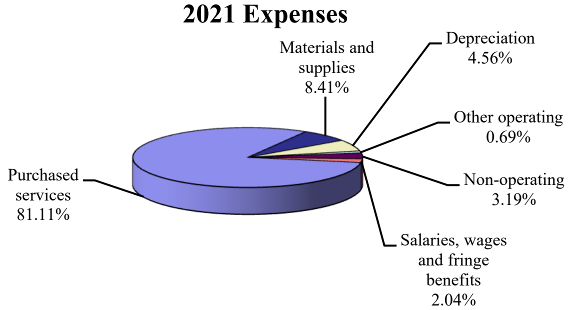
2021 Revenues



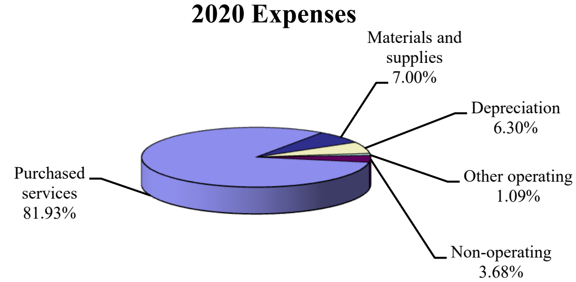
2020 Revenues



2021 Expenses



2020 Expenses



Capital Assets

At the end of fiscal year 2021, the School had $9,186,536 invested in land, land improvements, buildings and improvements, and furniture, fixtures and equipment. The following table shows June 30, 2021 balances compared to June 30, 2020.

Capital Assets at June 30
(Net of Depreciation)

	2021	2020
Land	$ 824,870	$ 824,870
Land improvements	60,760	64,245
Buildings and improvements	8,218,742	8,466,417
Furniture, fixtures and equipment	82,164	93,696
Total	$ 9,186,536	$ 9,449,228

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

Debt Administration

At June 30, 2021, the School had $3,324,900 in capital leases and notes outstanding. Of this total, $999,900 is due within one year and $2,325,000 is due in more than one year.

See Notes 7 and 9 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 Mr. Chad Hill, Treasurer at Dayton Regional STEM School, 1724 Woodman Dr, Kettering, Ohio 45420 or e-mail at treasurer@daytonstemschool.org.

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DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2021

Assets:	
Current assets:	
Equity in pooled cash	$ 5,551,116
Investments	1,590,056
Cash and cash equivalents held in escrow with trustee	609,767
Cash held in segregated accounts	2,479
Receivables:	
Accounts	20,800
Accrued interest	2,977
Intergovernmental	1,574
Prepayments	374
Total current assets	7,779,143
Non-current assets:	
Nondepreciable capital assets	824,870
Depreciable capital assets, net	8,361,666
Total non-current assets	9,186,536
Total assets	16,965,679
Deferred outflows of resources:	
Pension	54,560
OPEB	30,921
Total deferred outflows of resources	85,481
Liabilities:	
Current liabilities:	
Accounts payable	4,139
Accrued wages and benefits	6,097
Pension and postemployment benefits payable	1,508
Intergovernmental payable	230,070
Capital leases payable	290,000
Notes payable	709,900
Accrued interest payable	17,978
Unearned revenue	337,500
Total current liabilities	1,597,192
Non-current liabilities:	
Capital leases payable	2,325,000
Net pension liability	66,612
Net OPEB liability	22,853
Total non-current liabilities	2,414,465
Total liabilities	4,011,657
Deferred inflows of resources:	
OPEB	15,308
Total deferred inflows of resources	15,308
Net position:	
Net investment in capital assets	6,571,536
Restricted for:	
Restricted for debt service	662,500
Restricted for federal programs	26,271
Restricted for food service	70,362
Restricted for student activities	52,700
Unrestricted	5,640,826
Total net position	$ 13,024,195

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

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

Operating revenues:	
Sales	$ 14,418
State foundation	6,027,514
Tuition and fees	120,250
Donations	599,013
Miscellaneous	268,766
Total operating revenues	7,029,961
Operating expenses:	
Salaries and wages	114,465
Fringe benefits	9,418
Purchased services	4,934,855
Materials and supplies	512,012
Other	42,268
Depreciation	277,669
Total operating expenses	5,890,687
Operating income	1,139,274
Non-operating revenues (expenses):	
Federal and state grants	793,721
Interest	25,475
Subsidies	144,310
Interest and fiscal charges	(194,211)
Total nonoperating revenues (expenses)	769,295
Change in net position	1,908,569
Net position at beginning of year	11,115,626
Net position at end of year	$ 13,024,195

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

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

Cash flows from operating activities:	
Cash received from sales	$ 12,618
Cash received from state foundation	6,026,065
Cash received from donations	613,948
Cash received from students	120,250
Cash received from miscellaneous sources	250,391
Cash payments for salaries and wages	(108,280)
Cash payments for fringe benefits	(18,650)
Cash payments for purchased services	(4,841,567)
Cash payments for materials and supplies	(516,008)
Cash payments for other expenses	(44,993)
Net cash provided by operating activities	1,493,774
Cash flows from noncapital financing activities:	
Cash received from grants	787,195
Cash received from subsidies	144,310
Net cash provided by noncapital financing activities	931,505
Cash flows from capital and related financing activities:	
Interest and fiscal charges	(756,136)
Capital lease principal payments	280,000
Acquisition of capital assets	(14,977)
Net cash used in capital and related financing activities	(491,113)
Cash flows from investing activities:	
Purchase of investments	(723,363)
Maturity of investments	1,188,237
Interest received	53,916
Net cash provided by investing activities	518,790
Change in cash and cash cash equivalents	2,452,956
Cash and cash equivalents at beginning of year	3,710,406
Cash and cash equivalents at end of year	$ 6,163,362
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 1,139,274
Adjustments:	
Depreciation	277,669
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Increase in accounts receivable	(5,240)
Inrease in intergovernmental receivable	(717)
Increase in prepayments	(374)
Increase in deferred outflows - pension	(54,560)
Increase in deferred outflows - OPEB	(30,921)
Decrease in accounts payable	(30,435)
Increase in accrued wages and benefits	6,097
Increase in intergovernmental payable	116,358
Increase in pension and postemployment benefits payable	1,508
Increase in net pension liability	66,612
Increase in net OPEB liability	22,853
Decrease in deferred inflows - pension	(17,989)
Increase in deferred inflows - OPEB	3,639
Net cash provided by operating activities	$ 1,493,774

Non-cash transactions:
The School had outstanding intergovernmental receivables related to non-operating grants of $857 and $31,831 at June 30, 2021 and June 30, 2020, respectively.

At June 30, 2021, the School had $337,750 in unearned revenue outstanding.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL

Dayton Regional STEM School (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 six through 12. The School, which is part of the State's education program, is independent of any school district and serves 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 9-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 13 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 reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School, see Notes 11 and 12 for deferred outflows of resources related the School's net pension liability and net OPEB liability, respectively.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School, see Notes 11 and 12 for deferred inflows of resources related to the School's net pension liability and net OPEB liability, 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)

During fiscal year 2021, investments were limited to Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Bank (FHLB) securities, negotiable certificates of deposit, commercial paper and a U.S. Government money market account. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

During fiscal year 2021, the School had an account held in escrow for future debt service related to the capital lease obligation. These accounts are presented on the statement of net position as "cash and cash equivalents held in escrow with trustee".

During fiscal year 2021, the School had an investment with the Dayton Foundation. The investment with the Dayton Foundation is reported at fair value which is based on quoted market prices. This account is presented on the statement of net position as "cash held in segregated accounts".

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

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. The School maintains a capitalization threshold of $1,000. The School does not have any infrastructure.

All reported capital assets except land are depreciated. 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 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

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.

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

J. Intergovernmental Revenues

The School currently participates in the State Foundation Program through the Ohio Department of Education. 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 2021 was $793,721.

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.

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 2021, the School has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

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.

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;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2021, the carrying amount of all School deposits was $5,535,660 and the bank balance of all School deposits was $5,607,833. Of the bank balance, $250,000 was covered by the FDIC and $5,357,833 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, 2021, $5,357,833 of the School’s bank balance was covered by OPCS.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Cash and Cash Equivalents Held in Escrow with Trustee

The School had $609,767 in cash and cash equivalents held in escrow for a reserve related to the School's capital lease through the Montgomery County and Lucas County Port Authorities. 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.

D. Investments and Cash Held in Segregated Account

As of June 30, 2021, the School had the following investments and maturities:

		Investment Maturities			
Measurement/Investment Type:	Measurement Value	6 months or less	7 to 12 months	19 to 24 months	Greater than 24 months
Fair value:					
FHLMC	$ 99,870	$ -	$ -	$ -	$ 99,870
FFCB	74,621	-	-	-	74,621
FNMA	49,489	-	-	-	49,489
FHLB	99,120	-	-	-	99,120
Negotiable CDs	1,117,112	-	472,843	249,256	395,013
Commercial paper	149,844	-	149,844	-	-
U.S. Government money market	15,416	15,416	-	-	-
Total	$ 1,605,472	$ 15,416	$ 622,687	$ 249,256	$ 718,113

The U.S. Government money market is considered a cash and cash equivalent on the statement of cash flows as it has an initial maturity of less than 3 months.

The weighted average of maturity of investments is 2.00 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 federal agency securities (FHLMC, FFCB, FNMA, FHLB), negotiable CD's and commercial paper 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 federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The School's investments in commercial paper were rated A-1 and P-1 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.

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 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, 2021:

Measurement/Investment type	Measurement Value	% of Total
Fair value:		
FHLMC	$ 99,870	6.22
FFCB	74,621	4.65
FNMA	49,489	3.08
FHLB	99,120	6.17
Negotiable CDs	1,117,112	69.59
Commercial paper	149,844	9.33
U.S. Government money market	15,416	0.96
Total	$ 1,605,472	100.00

As of June 30, 2021, the School the following investment held in segregated accounts:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair value - Level One Inputs:				
Dayton Foundation	$ 2,479	Less than three months	N/A	N/A

The School had $2,479 invested with the Dayton Foundation.

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, 2021:

Cash and investments per note	
Cash on hand	$ 40
Carrying amount of deposits	5,535,660
Cash held in escrow with trustee	609,767
Investments	1,605,472
Cash held in segregated accounts	2,479
Total	$ 7,753,418
Cash and investments per statement of net position	
Business-type activities	$ 7,753,418

NOTE 5 - RECEIVABLES

Receivables at June 30, 2021 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	$ 20,800
Accrued interest	2,977
Intergovernmental:	
State foundation	717
Title VI-B	848
Title II-A	9
Total	$ 25,351

NOTE 6 - CAPITAL ASSETS

Capital assets for the fiscal year June 30, 2021, were as follows.

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	$ 824,870	$ -	$ -	$ 824,870
Total capital assets, not being depreciated	824,870	-	-	824,870
Capital assets, being depreciated:				
Land improvements	69,710	-	-	69,710
Building and improvements	9,906,990	-	-	9,906,990
Furniture, fixtures and equipment	272,614	14,977	-	287,591
Total capital assets, being depreciated	10,249,314	14,977	-	10,264,291
Less: accumulated depreciation:				
Land improvements	(5,465)	(3,485)	-	(8,950)
Building and improvements	(1,440,573)	(247,675)	-	(1,688,248)
Furniture and equipment	(178,918)	(26,509)	-	(205,427)
Total accumulated depreciation	(1,624,956)	(277,669)	-	(1,902,625)
Governmental activities capital assets, net	$ 9,449,228	$ (262,692)	$ -	$ 9,186,536

NOTE 7 - LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2021 were as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Capital lease obligation payable	$ 2,895,000	$ -	$ (280,000)	$ 2,615,000	$ 290,000
Note payable	709,900	-	-	709,900	709,900
Net pension liability	-	66,612	-	66,612	-
Net OPEB liability	-	22,853	-	22,853	-
Total governmental activities long-term liabilities	$ 3,604,900	$ 89,465	$ (280,000)	$ 3,414,365	$ 999,900

The School entered into a lease agreement with the Dayton-Montgomery County Port Authority during fiscal year 2011. The Dayton-Montgomery County Port Authority purchased a building and paid for renovations through the lease agreement.

Note Payable: On May 11, 2020, the School entered into a note payable with Fifth Third Bank in the amount of $709,900 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Small Business Administration (SBA) under the Payroll Protection Program (PPP). This note is considered a direct borrowing. Direct borrowings have terms negotiated between the School and the lender and are not offered for public sale. The note carries an interest rate of 1.00% and has a maturity date of May 11, 2022. Forgiveness of the note is available for principal that is used for the limited purposes that qualify for forgiveness under SBA requirements, and that to obtain forgiveness, the School must request it and must provide documentation in accordance with the SBA requirements.

The following is a schedule of the future payments due on the note payable:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	$ 709,900	$ 5,633	$ 715,533
Total	$ 709,900	$ 5,633	$ 715,533

Net Pension Liability and Net OPEB Liability: See Notes 11 and 12 for details.

NOTE 8 - PURCHASED SERVICES

Purchased services include the following:

Professional and technical services	$ 4,380,762
Property services	314,167
Travel milage/meeting expense	9,855
Communications	74,094
Utilities	79,472
Contracted craft or trade	76,505
Total purchased services	$ 4,934,855

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

In a previous fiscal year, the School entered into capitalized lease for land and buildings and improvements. All leases meet the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets acquired by lease 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 2021 totaled $280,000.

The assets acquired through the capital lease are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Land	$ 824,870	$ -	$ 824,870
Buildings and improvments	3,874,848	(856,347)	3,018,501
Total	$ 4,699,718	$ (856,347)	$ 3,843,371

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2021:

Fiscal Year Ending June 30,	Amount
2022	$ 429,838
2023	418,750
2024	407,525
2025	396,025
2026	1,464,188
Total future minimum lease payments	3,116,326
Less: amount representing interest	(501,326)
Present value of future minimum lease payments	$ 2,615,000

NOTE 10 - 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 2021, the School participated in the Southwestern Ohio Educational Purchasing Council (Note 13) 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 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The net pension/OPEB liability (asset) 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.

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.

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 12 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The School 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	Age 65 with 5 years of services credit: or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Changes in Benefits between Measurement Date and the Fiscal Year End

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School's contractually required contribution to SERS was $16,713 for fiscal year 2021. Of this amount, $854 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions to the pension plan relative to the projected 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	0.00000000%
Proportion of the net pension liability current measurement date	0.00100710%
Change in proportionate share	0.00100710%
Proportionate share of the net pension liability	$ 66,612
Pension expense	$ 10,776

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS
Deferred outflows of resources	
Differences between expected and actual experience	$ 130
Net difference between projected and actual earnings on pension plan investments	4,228
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	33,489
Contributions subsequent to the measurement date	16,713
Total deferred outflows of resources	$ 54,560

$16,713 reported as deferred outflows of resources related to pension resulting from School's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	SERS
Fiscal Year Ending June 30:	
2022	$ 21,061
2023	13,703
2024	1,761
2025	1,322
Total	$ 37,847

Actuarial Assumptions - SERS

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net pension liability	$ 91,250	$ 66,612	$ 45,940

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to 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 2021, this amount was $23,000. 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 2021, the School's surcharge obligation was $654.

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 $654 for fiscal year 2021. Of this amount, $654 is reported as pension and postemployment benefits payable.

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

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School's proportion of the net OPEB liability/asset was based on the School's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	SERS
Proportion of the net OPEB liability/asset prior measurement date	0.00000000%
Proportion of the net OPEB liability/asset current measurement date	0.00105150%
Change in proportionate share	0.00105150%
Proportionate share of the net OPEB liability	$ 22,853
OPEB expense	$ (3,775)

At June 30, 2021, 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	$ 300
Net difference between projected and actual earnings on OPEB plan investments	259
Changes of assumptions	3,897
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	25,811
Contributions subsequent to the measurement date	654
Total deferred outflows of resources	$ 30,921

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS
Deferred inflows of resources	
Differences between expected and actual experience	$ 11,621
Changes of assumptions	575
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	3,112
Total deferred inflows of resources	$ 15,308

$654 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, 2022.

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

	SERS
Fiscal Year Ending June 30:	
2022	$ 2,221
2023	2,238
2024	2,235
2025	2,801
2026	3,528
Thereafter	1,936
Total	$ 14,959

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 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50% of projected covered employee 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 was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 27,971	$ 22,853	$ 18,783

	1% Decrease	Current Trend Rate	1% Increase
School's proportionate share of the net OPEB liability	$ 17,995	$ 22,853	$ 29,349

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

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

NOTE 13 - 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 $11,795 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at 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 100 school districts and educational service centers in 18 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 $18,932 to SOEPC during the fiscal year. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 14 - RELATED PARTY TRANSACTIONS

The School contracts with Wright State University to utilize certain personnel and other resources. During the fiscal year, the School paid $3,795,635 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. Four out of nine 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 capital lease with the Dayton-Montgomery County Port Authority. 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 9 for further information.

NOTE 15 - 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, 2021.

NOTE 15 - CONTINGENCIES - (Continued)

B. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the School. The impact resulted in a $717 receivable owed to the School which was included on the accompanying financial statements.

NOTE 16 - 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.

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.

NOTE 16 - AGREEMENT WITH WRIGHT STATE UNIVERSITY - (Continued)

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 17 – COVID-19

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

NOTE 18 - SUBSEQUENT EVENTS

For fiscal year 2022, School foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of a particular school district were funded to that school district who, in turn, made the payment to the educating school. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each STEM school. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

On August 2, 2021, the School's note payable with Fifth Third Bank for $709,900 was forgiven.

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REQUIRED SUPPLEMENTARY INFORMATION

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018
School's proportion of the net pension liability	0.00100710%	0.00000000%	0.00000000%	0.00021880%
School's proportionate share of the net pension liability	$ 66,612	$ -	$ -	$ 13,073
School's covered payroll	$ 35,307	$ -	$ -	$ 48,579
School's proportionate share of the net pension liability as a percentage of its covered payroll	188.67%	0.00%	0.00%	26.91%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014	
	0.00156420%		0.00139320%		0.00119600%		0.00119600%
$	114,486	$	79,498	$	60,529	$	71,122
$	48,579	$	41,943	$	39,555	$	30,481
	235.67%		189.54%		153.02%		233.33%
	62.98%		69.16%		71.70%		65.52%

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST NINE FISCAL YEARS (1)

	2021	2020	2019	2018
Contractually required contribution	$ 16,713	$ 4,943	$ -	$ -
Contributions in relation to the contractually required contribution	(16,713)	(4,943)	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 119,379	$ 35,307	$ -	$ -
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

(1) Fiscal year 2013 is the first year the School made contributions to SERS.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013	
$	6,801	$	6,801	$	5,528	$	4,815	$	4,219
	(6,801)		(6,801)		(5,528)		(4,815)		(4,219)
$	-	$	-	$	-	$	-	$	-
$	48,579	$	48,579	$	41,942	$	34,740	$	30,484
	14.00%		14.00%		13.18%		13.86%		13.84%

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DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018	2017
School's proportion of the net OPEB liability	0.00105150%	0.00000000%	0.00000000%	0.00019860%	0.00152092%
School's proportionate share of the net OPEB liability	$ 22,853	$ -	$ -	$ 5,330	$ 43,352
School's covered payroll	$ 35,307	$ -	$ -	$ 48,579	$ 48,579
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.73%	0.00%	0.00%	10.97%	89.24%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS (1)

	2021	2020	2019	2018
Contractually required contribution	$ 654	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(654)	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School's covered payroll	$ 119,379	$ 35,307	$ -	$ -
Contributions as a percentage of covered payroll	0.55%	0.00%	0.00%	0.00%

(1) Information for OPEB contributions was not available before fiscal year 2015.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015	
$	-	$	494	$	1,090
	-		(494)		(1,090)
$	-	$	-	$	-
$	48,579	$	48,579	$	41,942
	0.00%		1.02%		2.60%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. 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 years 2020-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. 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 years 2018-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

Changes 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) the discount rate increased from 2.98% to 3.63%, (b) the municipal bond index rate increased from 2.92% to 3.56% and (c) 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%. 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%, (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%.

OHIO AUDITOR OF STATE
KEITH FABER

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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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Dayton Regional STEM School, Montgomery County, (the School) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 27, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

May 27, 2022

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 6/16/2022

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