DAYTON BUSINESS TECHNOLOGY HIGH SCHOOL
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2013

DAYTON BUSINESS TECHNOLOGY HIGH SCHOOL
MONTGOMERY COUNTY

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INDEPENDENT AUDITOR'S REPORT

Dayton Business Technology High School
Montgomery County
348 West First Street
Dayton, Ohio 45402

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Dayton Business Technology High School, Montgomery County, Ohio (the School), as of and for the year ended June 30, 2013, 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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dayton Business Technology High School, Montgomery County as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 October 22, 2013, 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.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

October 22, 2013

The discussion and analysis of the Dayton Business Technology High School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- In fiscal year 2013, the School had a large increase in current assets. Cash and receivables increased mainly due to an increase in State Foundation payments and federal grants receivable.

- The School also had a reduction in insurance benefits and pick up on pension payments.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the School did financially during fiscal year 2013. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School's net position and change in that net position. This change in net position is important because it tells the reader whether the financial position of the School has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of the School's net position for fiscal year 2013 and fiscal year 2012:

(Table 1)
Net Position

	2013	2012	Change
Assets:			
Current Assets	$173,787	$84,571	$89,216
Capital Assets, Net	1,834,395	1,855,915	(21,520)
Total Assets	2,008,182	1,940,486	67,696
Liabilities:			
Current Liabilities	48,966	79,855	(30,889)
Net Position:			
Net Investment in Capital Assets	1,834,395	1,855,915	(21,520)
Restricted	7,878	14,140	(6,262)
Unrestricted (Deficit)	116,943	(9,424)	126,367
Total Net Position	$1,959,216	$1,860,631	$98,585

Total assets increased $67,696, mainly due to an increase in current assets. Current assets consist of cash and receivables and increased due to receiving more state foundation money and federal grants receivable during the year. The decrease in capital assets, net is due to current year depreciation on buildings and improvements and furniture and fixtures, exceeding current year additions.

Current liabilities decreased $30,889, mainly due to a decrease in accrued wages and benefits payable, and the final payment on the School's only debt.

Net investment in capital assets decreased due to current year depreciation exceeding the current year additions. Unrestricted net position, the amount available to fund daily operations increased due to decreases in insurance fringe benefits, pick up on pension payments and an increase in State Foundation payments.

Table 2 shows the changes in net position for fiscal year 2013 and fiscal year 2012.

(Table 2)
Change in Net Position

	2013	2012	Change
Operating Revenues:			
State Foundation	$1,186,539	$1,017,832	$168,707
Miscellaneous	12,370	10,009	2,361
Total Operating Revenues	1,198,909	1,027,841	171,068
Non-Operating Revenues:			
Federal and State Grants	362,862	468,645	(105,783)
Total Revenues	1,561,771	1,496,486	65,285
Operating Expenses:			
Salaries	652,242	665,859	(13,617)
Fringe Benefits	255,647	265,241	(9,594)
Purchased Services	464,278	501,371	(37,093)
Materials and Supplies	59,152	40,269	18,883
Depreciation	31,867	34,890	(3,023)
Total Operating Expenses	1,463,186	1,507,630	($44,444)
Change in Net Position	98,585	(11,144)	
Net Position at Beginning of Year	1,860,631	1,871,775	
Net Position at End of Year	$1,959,216	$1,860,631	

Total operating revenues increased $171,068 due to an increase in state foundation payments and student enrollment. Non-operating revenues decreased $105,783 due mainly to a large decrease in federal and state grants. The Education Jobs grant ended in fiscal year 2012 and there was a large decrease in the Title I School Improvement grant.

Operating expenses decreased $44,444 due to spending efficiencies and a decrease in insurance benefits and pension pick up.

Capital Assets

At the end of fiscal year 2013 the School had $1,834,395 net investment in capital assets. This represented a decrease of $21,520 from fiscal year 2012, which was due to the fiscal year 2013 depreciation expense. Table 3 shows total capital assets for fiscal years 2013 and 2012:

(Table 3)
Capital Assets at June 30,
(Net of Depreciation)

	2013	2012
Land	$437,500	$437,500
Buildings and Improvements	1,385,740	1,416,534
Furniture and Fixtures	11,155	1,881
Totals	$1,834,395	$1,855,915

For more information on capital assets, see Note 5 to the basic financial statements.

Debt Administration

At the end of fiscal year 2013, the School had no outstanding loans payable. Refer to Note 10 of the basic financial statements for additional information.

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 Nicki Hagler, Treasurer at Dayton Business Technology High School, 6640 Poe Ave., Ste. 400, Dayton, Ohio 45414, or e-mail at nicki@mangen1.com.

DAYTON BUSINESS TECHNOLOGY HIGH SCHOOL
STATEMENT OF NET POSITION
JUNE 30, 2013

Assets	
Current Assets:	
Equity in Pooled Cash	
Cash and Cash Equivalents	$93,698
Intergovernmental Receivable	79,689
Accounts Receivable	400
Total Current Assets	173,787
Non-Current Assets:	
Capital Assets:	
Nondepreciable Capital Assets	437,500
Depreciable Capital Assets, Net	1,396,895
Total Non-Current Assets	1,834,395
Total Assets	2,008,182
Liabilities	
Current Liabilities:	
Accounts Payable	16,748
Intergovernmental Payable	5,527
Accrued Wages and Benefits Payable	22,458
Compensated Absences Payable	4,233
Total Current Liabilities	48,966
Net Position:	
Net Investment in Capital Assets	1,834,395
Restricted:	
Federal Grants	7,878
Unrestricted	116,943
Total Net Position	$1,959,216

See accompanying notes to the basic financial statements

DAYTON BUSINESS TECHNOLOGY HIGH SCHOOL
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenues:	
State Foundation	$1,186,539
Miscellaneous	12,370
Total Operating Revenues	1,198,909
Operating Expenses:	
Salaries	652,242
Fringe Benefits	255,647
Purchased Services	464,278
Materials and Supplies	59,152
Depreciation	31,867
Total Operating Expenses	1,463,186
Operating Loss	(264,277)
Non-Operating Revenues:	
Federal and State Grants	362,862
Change in Net Position	98,585
Net Position at Beginning of Year	1,860,631
Net Position at End of Year	$1,959,216

See accompanying notes to the basic financial statements

DAYTON BUSINESS TECHNOLOGY HIGH SCHOOL
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Increase (Decrease) in Equity in Pooled Cash:	
Cash Flows from Operating Activities:	
Cash Received from State of Ohio	$1,186,539
Cash Received from Miscellaneous Sources	10,352
Cash Payments for Employees	(925,750)
Cash Payments to Suppliers for Goods and Services	(511,458)
Net Cash Used for Operating Activities	(240,317)
Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	326,278
Cash Flows from Capital and Related Financing Activities:	
Loan Principal Payments	(25,000)
Payments for Capital Acquisitions	(10,347)
Net Cash Used for Capital and Related Financing Activities	(35,347)
Net Increase in Equity in Pooled Cash	50,614
Equity in Pooled Cash at Beginning of Year	43,084
Equity in Pooled Cash at End of Year	$93,698
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	($264,277)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	31,867
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(400)
Increase in Intergovernmental Receivable	(1,618)
Increase in Accounts Payable	10,665
Decrease in Accrued Wages and Benefits Payable	(14,204)
Decrease in Intergovernmental Payable	(2,187)
Decrease in Compensated Absences Payable	(163)
Total Adjustments	23,960
Net Cash Used for Operating Activities	($240,317)

Noncash:
The School had outstanding intergovernmental receivables related to non-operating grants of $79,689 at June 30, 2013.

See accompanying notes to the basic financial statements

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NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Dayton Business Technology High School (the "School") is a State nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific, and related teaching service. The School is an approved tax-exempt organization under Sections 501(c)(3) and 170(c)(1) 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 School's tax exempt status. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School is considered a conversion community school under Ohio law. Conversion schools are created by converting all or part of an existing public school into a community school. Conversion schools may be sponsored by and operate in any public school district.

The School is designed for at-risk, high school students who have a desire for, and whose education can be optimized by, a program of online instruction environment that does not include ancillary components of a more traditional education. Because the focus is on virtual learning, the ability of students to learn independently using various computer educational programs is an essential element of the School's program.

The School was approved for operation under contract with its Sponsor, the Dayton City School District, for a period of five years commencing July 1, 2006. The School renewed its contract on June 7, 2011 with the Dayton City School District for a period of five years commencing on July 1, 2011. Under the terms of its contract with the Sponsor, the School has access to facilities, staff, equipment, instructional materials, curriculum, and the educational strategy of the Sponsor as determined appropriate. The Sponsor may, at its sole option, accelerate the expiration of the contract for any reason by giving written notice of its intent to the School by May 1 of any given year, in which the contract will expire on June 30 of the same year.

The School operates under a six-member Board of Directors (the Board). The Sponsor Contract requires that the majority of the members of the Board be elected or appointed public officials or public sector employees who have a professional interest in furthering the establishment and operation of the School, some but not all of whom may be administrators within the Dayton City School District. The Sponsor Contract also permits additional Board positions to be filled by parents or community civic leaders.

The School participates in one jointly governed organization. This organization is presented in Note 14 to the basic financial statements. This organization is:

Jointly Governed Organization:
Metropolitan Dayton Educational Cooperative Association (MDECA).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

During the fiscal year, the School segregates transactions related to certain School functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For financial reporting, the School uses a single enterprise fund presentation.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The accounting and financial reporting treatment of the School's financial transactions is determined by the School's measurement focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the School are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The statement of cash flows provides information about how the School finances and meets its cash flow needs.

Basis of Accounting

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

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.

Expenses

Expenses are recognized at the time they are incurred.

Equity in Pooled Cash

The School maintains an interest bearing depository account. All funds of the School are maintained in this account. This account is presented on the statement of net position as "Equity in Pooled Cash". The School had no investments during fiscal year 2013.

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of $1,000. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Life
Buildings and Improvements	50 years
Furniture and Fixtures	5-30 years

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for employees with at least 15 years of service in one of the retirement systems for all positions (including certified and non-certified staff). At fiscal year-end, the highest number of years of service by any eligible School employee was only six years.

Intergovernmental Revenues

The School currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for required federal grants restricted to expenditures for specified purposes.

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

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

Estimates

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

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, (except 5705.391, which requires a 5 year budget) unless specifically provided in the contract between the School and its sponsor. The contract agreement between the School and its Sponsor does not prescribe a budgetary process for the School: therefore, no budgetary information is presented in the financial statements.

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the School has implemented Governmental Accounting Standard Board (GASB) *Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62."*

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School financial statements.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2013, consisted of intergovernmental (Federal and State grants and Bureau of Workers' Compensation rebate). All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Title VI-B	$13,701
21st Century	33,428
Title I	28,526
Improving Teacher Quality	2,416
Bureau of Workers Compensation	1,618
Total Intergovernmental Receivable	$79,689

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013 was as follows:

	Balance At 6/30/2012	Additions	Deletions	Balance At 6/30/2013
Capital Assets, Not Being Depreciated:				
Land	$437,500	$0	$0	$437,500
Depreciable Capital Assets:				
Buildings and Improvements	1,539,710		0	1,539,710
Furniture and Fixtures	22,361	10,347	0	32,708
Total Depreciable Capital Assets	1,562,071	10,347	0	1,572,418
Less Accumulated Depreciation:				
Buildings and Improvements	(123,176)	(30,794)	0	(153,970)
Furniture and Fixtures	(20,480)	(1,073)	0	(21,553)
Total Accumulated Depreciation	(143,656)	(31,867)	0	(175,523)
Depreciable Capital Assets, Net	1,418,415	(21,520)	0	1,396,895
Total Capital Assets, Net	$1,855,915	($21,520)	$0	$1,834,395

NOTE 6 – RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School contracted with Erie Insurance Company for business general liability and excess liability. General liability (including personal and advertising injury) coverage is $1 million each occurrence with a limit of liability of $10 million. Business property liability coverage for owned, hired, and non-owned auto liability has a single and combined limit of liability at $1 million.

There have been no significant changes in insurance coverage from the last fiscal year. Settled claims have not exceeded insurance coverage for the past three fiscal years.

Workers' Compensation

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

NOTE 7 – DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with advice from 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, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care Funds. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were $25,161, $10,415, and $18,424, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

State Teachers Retirement System of Ohio

Plan Description – The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan was $59,943 for the fiscal year ended June 30, 2013, $74,909 for the fiscal year ended June 30, 2012, and $67,286 for the fiscal year ended June 30, 2011. For fiscal year 2013, 95.13 percent has been contributed for the DB Plan and Combined Plan with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011. Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013 were $5,740 made by the School and $4,100 made by the plan members.

NOTE 8 – POST-EMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report, which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was $20,525. During fiscal year 2013, the School paid $1,017 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were $308, $529, and $2,231, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were $1,427, $661 and $1,186, respectively. The full amount percent has been contributed for fiscal years 2013, 2012, and 2011.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were $4,611, $5,672, and $5,176 respectively. For fiscal year 2013, 95.13 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

NOTE 9 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements of Dayton City School District, the sponsor, and State Laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Vacation days are credited to classified employees each month and may be accrued up to a maximum of the number of days earned during the fiscal year. Vacation days in excess of the annual number of days earned by the employee may be carried forward only with the approval of the Principal. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 250 days. Upon retirement, payment is made for one-fourth of the total accumulated and unused days, up to a maximum accumulation of 180 days for teachers and administrators and 160 days for classified employees. In addition, classified employees are subject to the following based on length of service:

Length of Service	Maximum Severance Payouts
Less than five years	0 days
Five years to 15 years	30 days
15 years to 25 years	35 days
Over 25 years	40 days

Professional staff members are eligible to accumulate sick days in a severance account once they have accumulated the maximum 250 days of sick leave. These excess days may not be used as sick leave days or "catastrophic illness" donations. Accumulated severance account days will be paid at one-fourth of the accumulated balance, up to a maximum payout of 45 days.

Health Insurance

As part of the Sponsor Contract, School employees are covered by the Sponsor's insurance benefit coverage and premiums for the benefits are paid by the School to the Sponsor in the months of April through October.

NOTE 10 – LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2013 were as follows:

Long-Term Obligation	Amount Outstanding 6/30/012	Additions	Deletions	Amount Outstanding 6/30/13	Due In One Year
Start Up Loan	$25,000	$0	$25,000	$0	$0

On July 10, 2006 the School's Sponsor, the Dayton City School District, provided the School with a loan of $100,000 to fund operations during the start-up phase of the School. There is no provision for interest on this loan. The original loan agreement required the loan to be repaid in four annual installments of $25,000 ending in fiscal year 2010. During the fiscal years 2008, 2009, and 2012, the Sponsor agreed to a deferment of the second, third, and final installment payments on the loan. The final debt payment was made in fiscal year 2013.

NOTE 11 – CONTINGENCIES

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the Grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School.

State Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated.

Litigation

The School is not party to any legal proceedings.

NOTE 12 – PURCHASED SERVICES

For the period ended June 30, 2013, purchased services expenses for services rendered by various vendors were as follows:

Professional and Technical Services	$228,713
Property Services	117,167
Pupil Transportation	590
Communications	28,748
Food Service	69,179
Other	19,881
Total Expenses	$464,278

NOTE 13 – RELATED PARTY TRANSACTIONS

As stated in Note 1, Dayton City School District is the School's sponsor. During the fiscal year ended June 30, 2013, the benefits related to the School's employees are processed and initially paid by the Dayton City School District. The School subsequently reimburses the Dayton City School District for these expenditures after each pay period. The School additionally pays Dayton City School District for nutrition services and had a loan with Dayton City School District for start-up funding. During fiscal year 2013, the School reported expenses paid to Dayton City School District in the amount of $216,544.

NOTE 14 – JOINTLY GOVERNED ORGANIZATION

Metropolitan Dayton Educational Cooperative Association - The School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts in a geographic area determined by the Ohio Department of Education. 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 MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA $6,427 for services provided during the fiscal year. Financial information can be obtained from Dean Reineke, who serves as Director, at 225 Linwood Street, Dayton, Ohio 45405.

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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 Business Technology High School
Montgomery County
348 West First Street
Dayton, Ohio 45402

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Dayton Business Technology High School, Montgomery County, (the School) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 22, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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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 communication is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

October 22, 2013

DAYTON BUSINESS TECHNOLOGY HIGH SCHOOL
MONTGOMERY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; *Explain*
2012-01	Finding for recovery – Improper expenditures that were reimbursed.	Yes	Was “repaid while under audit” during the prior audit.

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Dave Yost • Auditor of State

DAYTON BUSINESS TECHNOLOGY HIGH SCHOOL

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 12, 2013

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
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