



OHIO AUDITOR OF STATE
KEITH FABER



**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2020, 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 School, as of June 30, 2020, 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 18 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 November 12, 2020, 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

November 12, 2020

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2020. 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, 2020 are as follows:

- In total, net position was \$11,115,626 at June 30, 2020.
- The School had operating revenues of \$6,356,113, operating expenses of \$5,822,519, non-operating revenues of \$753,741 and non-operating expenses of \$222,641 for the fiscal year ended June 30, 2020. The total change in net position was an increase of \$1,064,694.

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 2020?" 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 13-30 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 32-40 of this report.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The table below provides a summary of the School's net position at June 30, 2020 and June 30, 2019.

	Net Position	
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets	\$ 5,844,145	\$ 4,098,837
Capital assets, net	<u>9,449,228</u>	<u>9,857,189</u>
Total assets	<u>15,293,373</u>	<u>13,956,026</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>2,278</u>
<u>Liabilities</u>		
Current liabilities	1,097,997	946,650
Non-current liabilities	<u>3,050,092</u>	<u>2,895,000</u>
Total liabilities	<u>4,148,089</u>	<u>3,841,650</u>
<u>Deferred Inflows of Resources</u>	<u>29,658</u>	<u>65,722</u>
<u>Net Position</u>		
Net investment in capital assets	6,554,228	6,664,348
Restricted	786,057	684,257
Unrestricted	<u>3,775,341</u>	<u>2,702,327</u>
Total net position	<u>\$ 11,115,626</u>	<u>\$ 10,050,932</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the School's net position totaled \$11,115,626.

At year-end, capital assets represented 61.79% 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, 2020, was \$6,554,228. 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.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

The table below shows the change in net position for the fiscal year 2020 and 2019.

Change in Net Position

	<u>2020</u>	<u>2019</u>
<u>Operating revenues:</u>		
Sales	\$ 134,137	\$ 125,654
State foundation	5,685,644	5,015,281
Tuition and fees	137,313	132,944
Donations	119,666	233,556
Miscellaneous	<u>279,353</u>	<u>67,168</u>
Total operating revenues	<u>6,356,113</u>	<u>5,574,603</u>
<u>Operating expenses:</u>		
Purchased services	4,952,528	4,615,597
Materials and supplies	423,077	630,636
Other	65,934	54,107
Depreciation	<u>380,980</u>	<u>183,457</u>
Total operating expenses	<u>5,822,519</u>	<u>5,483,797</u>
<u>Non-operating revenues/(expenses):</u>		
Federal and state grants	471,684	353,224
Interest	125,007	103,994
Subsidies	157,050	169,629
Interest and fiscal charges	(187,119)	(227,318)
Loss on disposal of capital assets	<u>(35,522)</u>	<u>-</u>
Total non-operating revenues/(expenses)	<u>531,100</u>	<u>399,529</u>
Capital contributions	<u>-</u>	<u>1,135,120</u>
Change in net position	1,064,694	1,625,455
Net position at beginning of year	<u>10,050,932</u>	<u>8,425,477</u>
Net position at end of year	<u>\$ 11,115,626</u>	<u>\$ 10,050,932</u>

Operating revenues of the School increased \$781,510 or 14.02%. This increase can mainly be attributed to an increase in State foundation revenue related to opportunity grant and career technical funding.

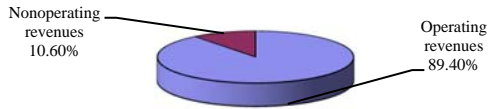
Operating expenses increased \$338,722 or 6.18%. This increase is the result of additional costs paid to Wright State University for employee salaries and operating costs and an increase in depreciation expense.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

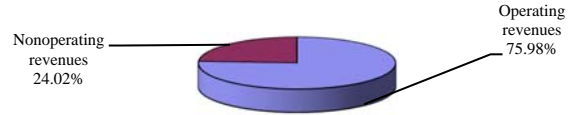
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The graphs below illustrate the revenues and expenses for the School during the fiscal year 2020 and 2019.

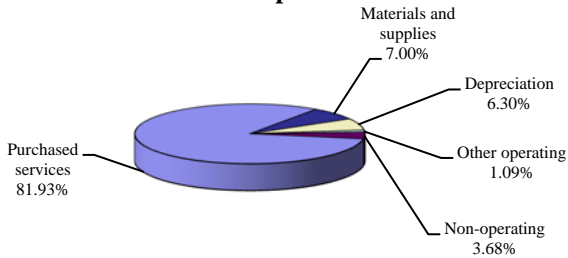
2020 Revenues



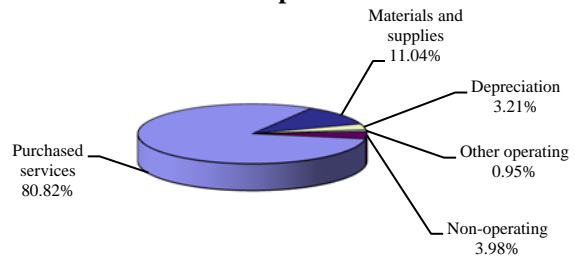
2019 Revenues



2020 Expenses



2019 Expenses



Capital Assets

At the end of fiscal year 2020, the School had \$9,449,228 invested in land, land improvements, buildings and improvements, and furniture, fixtures and equipment. The following table shows June 30, 2020 balances compared to June 30, 2019.

**Capital Assets at June 30
(Net of Depreciation)**

	<u>2020</u>	<u>2019</u>
Land	\$ 824,870	\$ 824,870
Construction in progress	-	1,968,321
Land improvements	64,245	45,245
Buildings and improvements	8,466,417	6,941,789
Furniture, fixtures and equipment	<u>93,696</u>	<u>76,964</u>
Total	<u>\$ 9,449,228</u>	<u>\$ 9,857,189</u>

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

Debt Administration

At June 30, 2020, the School had \$3,604,900 in capital leases and notes outstanding. Of this total, \$554,808 is due within one year and \$3,050,092 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.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)

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, 2020

Assets:	
Current assets:	
Equity in pooled cash	\$ 3,331,544
Investments	1,576,327
Cash and cash equivalents	
held in escrow with trustee.	141,752
Investments held in escrow with trustee . .	505,705
Cash held in segregated accounts	237,110
Receivables:	
Accounts	15,560
Accrued interest.	4,316
Intergovernmental.	31,831
	<hr/>
Total current assets	5,844,145
Non-current assets:	
Nondepreciable capital assets	824,870
Depreciable capital assets, net	8,624,358
	<hr/>
Total non-current assets.	9,449,228
	<hr/>
Total assets.	15,293,373
Liabilities:	
Current liabilities:	
Accounts payable.	34,574
Intergovernmental payable	113,712
Capital leases payable	280,000
Notes payable	274,808
Accrued interest payable	19,903
Unearned revenue	375,000
	<hr/>
Total current liabilities	1,097,997
Non-current liabilities:	
Notes payable	435,092
Capital leases payable	2,615,000
	<hr/>
Total non-current liabilities	3,050,092
	<hr/>
Total liabilities	4,148,089
Deferred inflows of resources:	
Pension	17,989
OPEB	11,669
	<hr/>
Total deferred inflows of resources	29,658
Net position:	
Net investment in capital assets	6,554,228
Restricted for:	
Restricted for debt service	625,000
Restricted for federal programs	44,391
Restricted for food service.	66,908
Restricted for student activities	49,758
Unrestricted.	3,775,341
	<hr/>
Total net position.	\$ 11,115,626
	<hr/>

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, 2020

Operating revenues:	
Sales	\$ 134,137
State foundation	5,685,644
Tuition and fees.	137,313
Donations	119,666
Miscellaneous	279,353
Total operating revenues	<u>6,356,113</u>
 Operating expenses:	
Purchased services.	4,952,528
Materials and supplies	423,077
Other.	65,934
Depreciation	380,980
Total operating expenses.	<u>5,822,519</u>
 Operating income	 <u>533,594</u>
 Non-operating revenues (expenses):	
Federal and state grants	471,684
Interest	125,007
Subsidies.	157,050
Interest and fiscal charges	(187,119)
Loss on disposal of capital assets	(35,522)
Total nonoperating revenues (expenses)	<u>531,100</u>
 Change in net position	 1,064,694
 Net position at beginning of year	 <u>10,050,932</u>
Net position at end of year	<u><u>\$ 11,115,626</u></u>

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, 2020

Cash flows from operating activities:	
Cash received from sales	\$ 144,369
Cash received from state foundation	5,685,307
Cash received from donations	106,237
Cash received from students	137,313
Cash received from miscellaneous sources	279,735
Cash payments for purchased services	(4,975,940)
Cash payments for materials and supplies	(498,278)
Cash payments for other expenses	(67,102)
	<hr/>
Net cash provided by operating activities	811,641
Cash flows from noncapital financing activities:	
Cash received from grants	404,010
Cash received from subsidies	157,050
Cash received from PPP loan	709,900
	<hr/>
Net cash provided by noncapital financing activities	1,270,960
Cash flows from capital and related financing activities:	
Interest and fiscal charges	(188,907)
Capital lease principal payments	(260,000)
Acquisition of capital assets	(46,382)
	<hr/>
Net cash used in capital and related financing activities	(495,289)
Cash flows from investing activities:	
Purchase of investments	(787,244)
Maturity of investments	706,662
Interest received	87,452
	<hr/>
Net cash provided by investing activities	6,870
Change in cash and cash equivalents	1,594,182
Cash and cash equivalents at beginning of year	2,116,224
Cash and cash equivalents at end of year	<u>\$ 3,710,406</u>

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 533,594
Adjustments:	
Depreciation	380,980
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Increase in accounts receivable	(13,047)
Decrease in intergovernmental receivable	10,232
Decrease in deferred outflows - pension	2,278
Decrease in accounts payable	(57,348)
Decrease in intergovernmental payable	(8,984)
Decrease in deferred inflows - pension	(25,093)
Decrease in deferred inflows - OPEB	(10,971)
	<hr/>
Net cash provided by operating activities	<u>\$ 811,641</u>

Non-cash transactions:

The School had outstanding intergovernmental receivables related to non-operating grants of \$31,831 and \$1,657 at June 30, 2020 and June 30, 2019, respectively.

At June 30, 2020, the School had \$375,000 in unearned revenue outstanding.

During fiscal year 2019, the School purchased \$37,841 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 14 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.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 12 and 13 for deferred outflows of resources related the School's net pension liability and net OPEB liability, respectively. There were no deferred outflows of resources at June 30, 2020.

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 12 and 13 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.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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".

During fiscal year 2020, investments were limited to Federal Farm Credit Bank (FFCB) securities, U.S. Treasury notes, negotiable certificates of deposit 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 2020, 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" and "investments held in escrow with a trustee".

During fiscal year 2020, 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 and construction in progress 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:

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

H. 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.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

I. 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 2020 was \$471,684.

J. 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.

K. 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.

L. 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.

M. Fair Value

The District 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.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2020, the School has implemented GASB Statement No. 84, "Fiduciary Activities" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the School.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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;

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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, 2020, the carrying amount of all School deposits was \$3,309,319 and the bank balance of all School deposits was \$3,331,907. Of the bank balance, \$250,000 was covered by the FDIC and \$3,081,907 was covered by the Ohio Pooled Collateral System.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2020, \$3,081,907 of the School's bank balance was covered by OPCS.

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

The School had \$141,752 in cash and cash equivalents and \$505,705 in investments held in escrow for a reserve related to the School's capital lease through the Montgomery County and Lucas County Port Authorities. The investment associated with the account was a U.S. Treasury Note. This reserve is required to remain in place in full until all debt is repaid. This amount is not included in the "deposits" reported above.

D. Investments and Cash Held in Segregated Account

As of June 30, 2020, the School had the following investments and maturities:

<u>Measurement/Investment Type:</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair value:</i>					
FFCB	\$ 110,617	\$ -	\$ -	\$ -	\$ 110,617
Negotiable CD's	1,133,981	-	252,716	483,308	397,957
U.S. Treasury notes	331,729	150,491	181,238	-	-
U.S. Government money market	22,185	22,185	-	-	-
Total	\$ 1,598,512	\$ 172,676	\$ 433,954	\$ 483,308	\$ 508,574

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 1.96 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 District's investments in the FFCB federal agency security, U.S. Treasury notes and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market an AAAm money market rating. The negotiable CD's are not rated.

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

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, 2020:

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FFCB	\$ 110,617	6.92
Negotiable CD's	1,133,981	70.94
U.S. Treasury notes	331,729	20.75
U.S. Government money market	22,185	1.39
Total	<u>\$ 1,598,512</u>	<u>100.00</u>

As of June 30, 2020, the School the following investment held in segregated accounts:

<u>Measurement/Investment</u>	<u>Measurement</u>		<u>Standard & Poor's Rating</u>	<u>Percent of Total Investments</u>
	<u>Amount</u>	<u>Maturity</u>		
<i>Fair value - Level One Inputs:</i>				
Dayton Foundation	\$ 237,110	Less than three months	N/A	N/A

The School had \$237,110 invested with the Dayton Foundation.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2020:

<u>Cash and investments per note</u>	
Cash on hand	\$ 40
Carrying amount of deposits	3,309,319
Cash and investments held in escrow with trustee	647,457
Investments	1,598,512
Cash held in segregated accounts	<u>237,110</u>
Total	<u>\$ 5,792,438</u>
<u>Cash and investments per statement of net position</u>	
Business-type activities	<u>\$ 5,792,438</u>

NOTE 5 - RECEIVABLES

Receivables at June 30, 2020 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:

	<u>Amounts</u>
Accounts	\$ 15,560
Accrued interest	4,316
Intergovernmental:	
Title VI-B	28,698
Title II-A	<u>3,133</u>
Total	<u>\$ 51,707</u>

**DAYTON REGIONAL STEM SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - CAPITAL ASSETS

Capital assets for the fiscal year June 30, 2020, were as follows.

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 824,870	\$ -	\$ -	\$ 824,870
Construction in progress	<u>1,968,321</u>	<u>-</u>	<u>(1,968,321)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>2,793,191</u>	<u>-</u>	<u>(1,968,321)</u>	<u>824,870</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	48,295	21,415	-	69,710
Building and improvements	8,026,174	1,880,816	-	9,906,990
Furniture, fixtures and equipment	<u>233,505</u>	<u>39,109</u>	<u>-</u>	<u>272,614</u>
Total capital assets, being depreciated	<u>8,307,974</u>	<u>1,941,340</u>	<u>-</u>	<u>10,249,314</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(3,050)	(2,415)	-	(5,465)
Building and improvements	(1,084,385)	(356,188)	-	(1,440,573)
Furniture and equipment	<u>(156,541)</u>	<u>(22,377)</u>	<u>-</u>	<u>(178,918)</u>
Total accumulated depreciation	<u>(1,243,976)</u>	<u>(380,980)</u>	<u>-</u>	<u>(1,624,956)</u>
Governmental activities capital assets, net	<u>\$ 9,857,189</u>	<u>\$ 1,560,360</u>	<u>\$ (1,968,321)</u>	<u>\$ 9,449,228</u>

NOTE 7 - LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2020 were as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Capital lease obligation payable	\$ 3,155,000	\$ -	\$ (260,000)	\$ 2,895,000	\$ 280,000
Note payable	<u>-</u>	<u>709,900</u>	<u>-</u>	<u>709,900</u>	<u>274,808</u>
Total governmental activities long-term liabilities	<u>\$ 3,155,000</u>	<u>\$ 709,900</u>	<u>\$ (260,000)</u>	<u>\$ 3,604,900</u>	<u>\$ 554,808</u>

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.

**DAYTON REGIONAL STEM SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7 - LONG-TERM OBLIGATIONS – (Continued)

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

Fiscal Year Ending			
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 274,808	\$ 3,455	\$ 278,263
2022	<u>435,092</u>	<u>2,178</u>	<u>437,270</u>
Total	<u>\$ 709,900</u>	<u>\$ 5,633</u>	<u>\$ 715,533</u>

NOTE 8 - PURCHASED SERVICES

Purchased services include the following:

Professional and technical services	\$ 4,420,595
Property services	275,112
Travel milage/meeting expense	7,397
Communications	63,445
Utilities	89,090
Contracted craft or trade	94,460
Pupil transportation	<u>2,429</u>
Total purchased services	<u>\$ 4,952,528</u>

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 2020 totaled \$260,000.

The assets acquired through the capital lease are as follows:

	<u>Asset</u>	<u>Accumulated</u>	<u>Net Book</u>
	<u>Value</u>	<u>Depreciation</u>	<u>Value</u>
Asset:			
Land	\$ 824,870	\$ -	\$ 824,870
Buildings and improvments	<u>3,874,848</u>	<u>(759,476)</u>	<u>3,115,372</u>
Total	<u>\$ 4,699,718</u>	<u>\$ (759,476)</u>	<u>\$ 3,940,242</u>

**DAYTON REGIONAL STEM SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE – (Continued)

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, 2020:

Fiscal Year Ending June 30,	Amount
2021	\$ 435,513
2022	429,838
2023	418,750
2024	407,525
2025	396,025
2026	1,464,188
Total future minimum lease payments	3,551,839
Less: amount representing interest	(656,839)
Present value of future minimum lease payments	\$ 2,895,000

NOTE 10 - OPERATING LEASES

During a previous fiscal year, the School entered into a non-cancelable operating lease. The School made payments of \$17,916 during fiscal year 2020. There were no further obligations outstanding.

NOTE 11 - 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 2020, the School participated in the Southwestern Ohio Educational Purchasing Council (Note 14) 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 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The School no longer reports a net pension liability as of June 30, 2020, because the School does not have any employees on record. The School only reports deferred inflows of resources due to the change in proportionate share.

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.

**DAYTON REGIONAL STEM SCHOOL
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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees.

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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2020, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School did not make any contractually required contributions to SERS for fiscal year 2020.

Pension Expense and Deferred Inflows of Resources Related to Pensions

Following is information related to the pension expense:

	<u>SERS</u>
Pension expense	\$ (22,815)

At June 30, 2020, the School reported deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>
Deferred inflows of resources	
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 17,989</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS
Fiscal Year Ending June 30:	
2021	\$ (17,989)

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The School no longer reports a net OPEB liability as of June 30, 2020, because the School does not have any employees on record. The School only reports deferred inflows of resources due to the change in proportionate share.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, 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, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. 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.

The School did not make any contractually required contributions to SERS for fiscal year 2020.

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NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPEB Expense and Deferred Inflows of Resources Related to OPEB

Following is information related to the OPEB expense:

	SERS
OPEB expense	\$ (10,971)

At June 30, 2020, the School reported deferred inflows of resources related to OPEB from the following sources:

	SERS
Deferred inflows of resources	
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>\$ 11,669</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS
Fiscal Year Ending June 30:	
2021	\$ (8,557)
2022	(913)
2023	(913)
2024	(913)
2025	(373)
Total	\$ (11,669)

NOTE 14 - 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 \$11,093 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 Enon Road, 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.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)

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. During fiscal year 2020, the School paid \$16,747 to SOEPC. 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 15 - RELATED PARTY TRANSACTIONS

The School contracts with Wright State University to utilize certain personnel and other resources. During fiscal year 2020, the School paid \$3,888,338 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. Six 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 16 - 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, 2020.

B. State 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, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of , the School.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - 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.

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.

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - AGREEMENT WITH WRIGHT STATE UNIVERSITY - (Continued)

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 18 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the School. The School's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net pension liability	0.00000000%	0.00000000%	0.00021880%	0.00156420%
School's proportionate share of the net pension liability	\$ -	\$ -	\$ 13,073	\$ 114,486
School's covered payroll	\$ -	\$ -	\$ 48,579	\$ 48,579
School's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	26.91%	235.67%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00139320%	0.00119600%	0.00119600%
\$ 79,498	\$ 60,529	\$ 71,122
\$ 41,943	\$ 39,555	\$ 30,481
189.54%	153.02%	233.33%
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 EIGHT FISCAL YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ 6,801
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,801)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll	\$ -	\$ -	\$ -	\$ 48,579
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 6,801	\$ 5,528	\$ 4,815	\$ 4,219
<u>(6,801)</u>	<u>(5,528)</u>	<u>(4,815)</u>	<u>(4,219)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 48,579	\$ 41,942	\$ 34,740	\$ 30,484
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 FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School's proportion of the net OPEB liability	0.00000000%	0.00000000%	0.00019860%	0.00152092%
School's proportionate share of the net OPEB liability	\$ -	\$ -	\$ 5,330	\$ 43,352
School's covered payroll	\$ -	\$ -	\$ 48,579	\$ 48,579
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	10.97%	89.24%
Plan fiduciary net position as a percentage of the total OPEB liability	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 SIX FISCAL YEARS (1)			
	2020	2019	2018	2017
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School's covered payroll	\$ -	\$ -	\$ -	\$ 48,579
Contributions as a percentage of covered payroll	0.00%	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

<u>2016</u>	<u>2015</u>
\$ 494	\$ 1,090
<u>(494)</u>	<u>(1,090)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 48,579	\$ 41,942
1.02%	2.60%

**DAYTON REGIONAL STEM SCHOOL
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

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 2018-2020.

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 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. 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%.

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, 2020, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 12, 2020, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which 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

November 12, 2020



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 JUNE 30, 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Ohio Rev. Code § 135.03 and § 135.14(B): investments held by unallowable depository and investments in domestic and international equity, contrary to Ohio Rev. Code	Finding no longer valid	N/A

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OHIO AUDITOR OF STATE KEITH FABER



DAYTON REGIONAL STEM SCHOOL

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/8/2020

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

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