

**DOHN COMMUNITY HIGH SCHOOL**

**Basic Financial Statements**

**Year Ended June 30, 2008**

**with**

**Independent Auditors' Report**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Dohn Community High School  
608 East McMillan Avenue  
Cincinnati, Ohio 45206

We have reviewed the *Independent Auditors' Report* of the Dohn Community High School, Hamilton County, prepared by Foxx & Company, for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

## Finding for Recovery

The Dohn Community High School Board of Trustees approved Pieter Elmendorf's salary at \$72,000 beginning August 2, 2007. According to additional terms outlined in the employee contract, Mr. Elmendorf was to work 216 days during the contract period.

During the school year, Mr. Elmendorf was injured and was paid by the Bureau of Workers' Compensation for the time he spent off work. Upon returning to work, Dohn's Treasurer Michael Ashmore, was responsible for determining the remaining salary to be paid to Pieter Elmendorf. This amount was determined by multiplying the number of actual days worked during the contract period (136) and a daily rate of \$334.88.

A review of records indicated that the number of days used by Dohn to calculate Mr. Elmendorf's daily rate was 215, rather than 216 as stipulated in the Board approved contract. The School was unable to provide documentation for the change in contractual days. As a result, an overpayment of \$210.80 occurred.

<u>Salary</u>		<u>Days</u>		<u>Daily Rate</u>
\$72,000	x	215 days	=	\$ 334.88
\$72,000	x	216 days	=	\$ 333.33

<u>Number of Actual Days Worked by Pieter Elmendorf</u>		<u>Daily Rate</u>	=	<u>Total</u>
136 days	x	\$ 334.88 per day	=	\$ 45,543.68
136 days	x	\$ 333.33 per day	=	\$ 45,332.88
<b>Overpayment</b>				<b><u>\$ 210.80</u></b>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Pieter Elmendorf in the amount of \$210.80, and in favor of Dohn Community High School's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Michael Ashmore, Dohn School Treasurer, is jointly and severally liable in the amount of \$210.80 in favor of the Dohn Community School General Fund to the extent that recovery is not obtained from Pieter Elmendorf.

**Finding for Recovery**

The Dohn Community High School Board of Trustees approved Harry Freeman's regular annual salary at \$36,000. In addition to the regular teaching assignment, Mr. Freeman entered into a supplemental contract to serve as a Homeroom Connections Teacher. According to the supplemental contract, he would receive a \$1,000 stipend for this service.

Harry Freeman worked for 9.0 days during school year 2007-2008 before deciding to end his employment with Dohn. The School calculated his salary earned for these days worked using the daily rate of pay based on the contractual salary agreements. The amount already paid at time of departure was subtracted from this earned salary to determine the remaining balance to be paid to Harry Freeman.

However, Michael Ashmore, Dohn School Treasurer, incorrectly calculated the daily rate by overstating the supplemental portion. The School calculated the total daily rate by adding supplemental payment based on a bi-weekly amount. The daily rate for the supplemental assignment should have been \$5.32. As a result, an over payment of \$340.24 was included in his payout.

<u>Annual Salary</u>	/	<u>Days</u>	=	<u>Daily Rate</u>
Regular Assignment – \$36,000	/	188	=	\$ 191.49
Supplemental Assignment – \$1,000	/	188	=	\$ 5.32
<b>Total Daily Rate</b>				<b>\$ 196.81</b>

<u>Description</u>	<u>Amount</u>
Salary Paid	\$ 2,111.53
Salary Earned (9 days x \$196.81)	\$ 1,771.29
<b>Overpayment</b>	<b>\$ 340.24</b>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Harry Freeman in the amount of \$340.24 and in favor of Dohn Community High School's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Board of Trustees  
Dohn Community High School  
608 East McMillan Avenue Cincinnati, Ohio 45206  
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Michael Ashmore, Dohn School Treasurer, is jointly and severally liable in the amount of \$340.24 in favor of the Dohn Community School General Fund to the extent that recovery is not obtained from Harry Freeman.

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

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid.

Mary Taylor, CPA  
Auditor of State

September 24, 2009

# Dohn Community High School

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## INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees

We have audited the accompanying basic financial statements of the Dohn Community High School, Hamilton County, Ohio (the School), as of and for the years ended June 30, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with auditing principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2009 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

*Jax & Company*

Cincinnati, Ohio

March 20, 2009

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

The discussion and analysis of the Dohn Community High School, Hamilton County, Ohio (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the Schools financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

- For fiscal year 2008 assets exceeded liabilities by \$1,304,069
- The School derived 96 percent of their revenues through federal and state programs.
- Salaries and wages accounted for 65 percent of the \$906,000 in operating expenses for fiscal year 2008.

**Using this Annual Financial Report and Overview of Financial Statements**

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

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

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

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

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

Table 1 provides a summary of the School's net assets for fiscal year 2008 compared to fiscal year 2007:

<b>Table 1</b>			
<b>Net Assets</b>			
	<b>2008</b>	<b>2007</b>	<b>Change</b>
<b>Assets</b>			
Current assets	\$ 39,800	\$ 78,928	\$ (39,128)
Capital assets, net	<u>1,828,757</u>	<u>1,885,517</u>	<u>(56,760)</u>
<i>Total assets</i>	<u>1,868,557</u>	<u>1,964,445</u>	<u>(95,888)</u>
<b>Liabilities</b>			
Current liabilities	246,184	242,101	4,083
Long term liabilities	<u>318,304</u>	<u>386,681</u>	<u>(68,377)</u>
<i>Total liabilities</i>	<u>564,488</u>	<u>628,782</u>	<u>(64,294)</u>
<b>Net Assets</b>			
Invested in capital assets	1,449,006	1,331,907	117,099
Restricted	6,418	30,297	(23,879)
Unrestricted	<u>(151,355)</u>	<u>(26,541)</u>	<u>(124,814)</u>
<i>Total net assets</i>	<u>\$ 1,304,069</u>	<u>\$ 1,335,663</u>	<u>\$ (31,594)</u>

The School saw assets decrease with the depreciation on capital assets of \$77,002, capital asset purchases of \$20,242, and reduction in cash balances that helped reduce the liabilities. The School continued towards reducing its debt load with over a sixteen percent reduction in the line of credit and construction loan.

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

Table 2 shows the changes in net assets for the year ended 2008 as compared to fiscal year 2007.

**Table 2  
Change in Net Assets**

	2008	2007	Change
<b>Revenues</b>			
Operating revenues:			
Foundation payments	\$ 616,803	\$ 620,272	\$ (3,469)
Poverty based assistance	-	6,478	(6,478)
Special education	32,809	43,412	(10,603)
Classroom fees	4,137	5,118	(981)
Other operating revenues	26,002	31,886	(5,884)
Non-operating revenues:			
Federal and state grants	221,601	253,321	(31,720)
Contributions and donations	-	3,000	(3,000)
 Total revenues	 901,352	 963,487	 (62,135)
 <b>Expenses</b>			
Operating expenses:			
Salaries	467,432	495,442	(28,010)
Fringe benefits	123,171	165,603	(42,432)
Purchased services	219,155	244,396	(25,241)
Materials and supplies	2,660	13,033	(10,373)
Depreciation	77,002	82,071	(5,069)
Other expenses	16,580	19,361	(2,781)
Non-Operating Expenses:			
Interest and fiscal charges	26,946	34,515	(7,569)
 Total Expenses	 932,946	 1,054,421	 (121,475)
 Change in Net Assets	 (31,594)	 (90,934)	 59,340
Beginning Net Assets	1,335,663	1,426,597	(90,934)
Ending Net Assets	1,304,069	1,335,663	(31,594)

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

The School saw a significant decrease in the revenues from 2007 to 2008 mainly to due to reductions in federal grants from the prior year and a \$20,000 reduction in the state foundation program revenue (Foundation Payment, Poverty Based Assistance and Special Education Funding). The School was very focused on reducing expenditures across the board (11.52% overall) with the main focus on contracted services which showed a reduction of 17.56 percent from the prior year. The School also adjusted the benefits provided with slightly higher deductibles and change in staff that lowered the retirement portion the School pays. Those changes helped reduced fringe benefits by 25.62 percent compared to only 5.65 percent actual savings in salaries for those employees.

***Capital Assets***

At the end of fiscal year 2008, the School had \$1,828,757 (net of \$412,485 in accumulated depreciation) invested in land, buildings, building improvements, furniture, and equipment. Table 3 shows fiscal year 2008 balances compared to fiscal year 2007:

<b>Capital Asset at Year End (Net of Depreciation)</b>			
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Land	\$ 19,000	\$ 19,000	\$ -
Buildings & improvements	1,796,262	1,866,517	(70,255)
Furniture, fixtures, and equipment	<u>13,495</u>	<u>-</u>	<u>13,495</u>
Totals	<u>\$ 1,828,757</u>	<u>\$ 1,885,517</u>	<u>\$ (56,760)</u>

For more information on the School's capital assets refer to Note 5 of the notes to the financial statements.

***Debt***

At June 30, 2008, the School had two lines of credit with National City Bank totaling \$58,793 and a construction loan that totaled \$370,413. For more information on the School's debt refer to Note 6 of the notes to the financial statements.

**Current Financial Issues**

The School now has a finance professional on staff which will aid in the improvements in the quality of financial records and strengthens internal controls. During the 2008 school year, the

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2008  
Unaudited**

School hired a full time consultant and there were 113 students enrolled in the School. The School receives its finances mostly from state aid. Per pupil aid for fiscal year 2008 amounted to \$6,704 per student.

**Contacting the School's Financial Management**

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

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
STATEMENT OF NET ASSETS  
As of June 30, 2008**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 32,274
Accounts receivable	160
Intergovernmental receivable	<u>7,366</u>

**Total current assets** 39,800

**Noncurrent assets**

Land	19,000
Capital assets, net	<u>1,809,757</u>

**Total non-current assets** 1,828,757

**Total assets** 1,868,557

**LIABILITIES**

**Current liabilities**

Accounts payable	45,390
Accrued wages and benefits payable	60,825
Intergovernmental payable	29,067
Line of credit payable	58,793
Current portion of long term debt	<u>52,109</u>

**Total current liabilities** 246,184

**Long term debt less current portion** 318,304

**Total liabilities** 564,488

**NET ASSETS**

Investment in capital assets, net of related debt	1,449,006
Restricted	6,418
Unrestricted	<u>(151,355)</u>

**Total net assets** \$ 1,304,069

The accompanying notes are an integral part of these financial statements.

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
for the Fiscal Year Ended June 30, 2008**

<b>Operating revenues</b>	
Foundation payments	\$ 616,803
Special education	32,809
Classroom fees	4,137
Other operating revenues	<u>26,002</u>
<b>Total operating revenues</b>	<u>679,751</u>
 <b>Operating expenses</b>	
Salaries	467,432
Fringe benefits	123,171
Purchased services	219,155
Materials and supplies	2,660
Depreciation	77,002
Other operating expenses	<u>16,580</u>
<b>Total operating expenses</b>	<u>906,000</u>
<b>Operating loss</b>	<u>(226,249)</u>
 <b>Non-Operating revenues and expenses</b>	
Federal grants	215,601
State grants	6,000
Interest and fiscal charges	<u>(26,946)</u>
<b>Total non-operating revenues and (expenses)</b>	<u>194,655</u>
<b>Change in net assets</b>	(31,594)
Net assets at beginning of year	<u>1,335,663</u>
<b>Net assets at end of year</b>	<u><u>\$ 1,304,069</u></u>

The accompanying notes are an integral part of these financial statements.

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON, OHIO  
STATEMENT OF CASH FLOWS  
for the Fiscal Year Ended June 30, 2008**

**Increase (Decrease) in cash and cash equivalents**

**Cash flows from operating activities**

Cash received from State of Ohio - Foundation	\$ 649,612
Cash received from classroom materials and fees	4,232
Cash received from other operating revenues	33,375
Cash payments for personal services	(576,963)
Cash payments for contract services	(223,147)
Cash payments for supplies and materials	(7,502)
Cash payments for other expenses	<u>(19,080)</u>
<b>Net cash used for operating activities</b>	<u>(139,473)</u>

**Cash flows from noncapital financing activities**

Cash received from state and federal grants	214,303
Principal paid on debt obligations	<u>(500)</u>
<b>Net cash provided by noncapital financing activities</b>	<u>213,803</u>

**Cash flows from capital and related financing activities**

Acquisition of capital assets	(20,242)
Principal paid on debt obligations	(66,100)
Interest paid on debt obligations	<u>(26,946)</u>
<b>Net cash used for capital and related financing activities</b>	<u>(113,288)</u>

Net decrease in cash and cash equivalents	(38,958)
Cash and cash equivalents at beginning of year	<u>71,232</u>

<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 32,274</u></u>
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The accompanying notes are an integral part of these financial statements.

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
STATEMENT OF CASH FLOWS  
for the fiscal year ended June 30, 2008  
(Continued)**

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

Operating loss	\$ (226,249)
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**Adjustments to reconcile operating loss  
to net cash used for operating activities**

Depreciation	77,002
Changes in assets and liabilities:	
Decrease in accounts receivable	3,540
Decrease in intergovernmental receivable	3,928
Increase in accounts payable	4,267
Increase in accrued wages payable	8,400
Decrease in intergovernmental payable	<u>(10,361)</u>
<b>Total adjustments</b>	<u>86,776</u>
<b>Net cash used for operating activities</b>	<u><u>\$ (139,473)</u></u>

The accompanying notes are an integral part of these financial statements.

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2008**

**1. DESCRIPTION OF THE REPORTING ENTITY**

Dohn Community High School (the School) is a nonprofit corporation established pursuant to Ohio Revised Code, Chapters 3314 and 1702, to address the needs of students in grades nine through twelve who have been impacted by substance abuse. 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's program includes a curriculum that provides academic credit coupled with substance abuse intervention. The target population of at-risk youth is those who have a problem with alcohol or other drugs, as well as those who have lived with a substance abusing relative or guardian. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract for continuing Ohio charter schools with Kids Count of Dayton, Inc. (the Sponsor) for a period of three years commencing as of May 1, 2006. The School is currently operating under a restated contract dated July 1, 2007. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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

The Board hires the Superintendent, who hires all other staff, and manages the day-to-day operations of the School. The Board controls the School's one instructional/support facility staffed by 5 non-certified and 8 certificated full time teaching personnel who provide services to 113 students.

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2008**

**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 a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. However, the School has elected not to apply FASB statements interpretations after November 30, 1989. Following are the more significant of the School's accounting policies.

**A. Basis of Presentation**

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

**B. Measurement Focus**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statements of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flow reflects how the School finances and meets its cash flow needs.

**C. Budgetary Process**

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

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2008**

**D. Cash and Investments**

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

For presentation on the financial statements, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**E. Capital Assets and Depreciation**

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

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

Capital assets are depreciated over the remaining useful live of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	30
Furniture and Equipment	3

**F. Intergovernmental Revenues**

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

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

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2008**

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the year ended June 30, 2008 totaled \$871,213.

**G. Net Assets**

Net assets represent the difference between assets and liabilities. Invested in Capital Assets consists 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 assets are 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. Restricted net assets of the School at year-end represent unspent Federal and state grant resources for specific instruction programs. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**H. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts disclosure. Accordingly, actual results may differ from those estimates.

**I. Operating Revenues and Expenses**

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

**DOHN COMMUNITY HIGH SCHOOL  
HAMILTON COUNTY  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2008**

**3. DEPOSITS AND INVESTMENTS**

At June 30, 2008, the carrying amount of the School’s deposits was \$32,274 and the bank balance was \$30,769. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC).

Custodial credit risk is the risk that in the event of bank failure, the School will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

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

**4. RECEIVABLES**

Receivable at June 30, 2008 primarily consists of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

<b>Intergovernmental</b>	<b>Amount</b>
ABC Grant for FY2008	\$ 7,366
Total intergovernmental receivable	\$ <u>7,366</u>

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For the Fiscal Year Ending June 30, 2008**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2008:

	<u>Balance 6/30/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2008</u>
Capital assets not being depreciated				
Land	\$ 19,000	\$ -	\$ -	\$ 19,000
Capital assets being depreciated				
Buildings & improvements	2,107,662	-	-	2,107,662
Furniture, fixtures, and equipment	<u>94,338</u>	<u>20,242</u>	<u>-</u>	<u>114,580</u>
Total capital assets being depreciated	<u>2,202,000</u>	<u>20,242</u>	<u>-</u>	<u>2,222,242</u>
Less accumulated depreciation:				
Buildings	(241,145)	(70,255)	-	(311,400)
Furniture, fixtures, and equipment	<u>(94,338)</u>	<u>(6,747)</u>	<u>-</u>	<u>(101,085)</u>
Total accumulated depreciation	<u>(335,483)</u>	<u>(77,002)</u>	<u>-</u>	<u>(412,485)</u>
Total capital assets being depreciated, net	<u>1,866,517</u>	<u>(56,760)</u>	<u>-</u>	<u>1,809,757</u>
Total capital assets, net of accumulated depreciation	<u>\$ 1,885,517</u>	<u>\$ (56,760)</u>	<u>\$ -</u>	<u>\$ 1,828,757</u>

**6. DEBT**

The School has two lines of credit with National City Bank. The first line of credit from National City Bank was issued on June 15, 2005 for capital financing, in the amount of \$100,000. The note has a maturity date of June 15, 2009. The interest on this line of credit is variable and was 6 percent at June 30, 2008. The principal paid toward the first line of credit was \$24,726, leaving a balance outstanding of \$9,338 as of June 30, 2008.

The second line of credit from National City Bank was issued on June 29, 2005, in the amount of \$50,000, and is due on demand. The interest on this promissory note is variable and is secured by a third mortgage on the School's premises. The principal paid toward the second line of credit was \$500, leaving a balance outstanding of \$49,454 as of June 30, 2008.

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Long-term debt outstanding for the School as of June 30, 2008 was as follows:

<u>Description</u>	<u>Balance 06/30/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/08</u>	<u>Due Within One Year</u>
(A) Mortgage	\$ 411,787	\$ -	\$ 41,374	\$ 370,413	\$ 52,109
Total	<u>\$ 411,787</u>	<u>\$ -</u>	<u>\$ 41,374</u>	<u>\$ 370,413</u>	<u>\$ 52,109</u>

- (A) The mortgage from National City Bank was issued on June 29, 2005, in the amount of \$500,000. The note has a maturity date of October 15, 2009. The interest on this promissory note is variable and was 5.50 percent at June 30, 2008.

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2008 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 52,109	\$ 19,072	\$ 71,181
2010	<u>318,304</u>	<u>47,878</u>	<u>366,182</u>
<b>Totals</b>	<u>\$ 370,413</u>	<u>\$ 66,950</u>	<u>\$ 437,363</u>

**7. RISK MANAGEMENT**

**A. Insurance Coverage**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended 2008, the School contracted with Philadelphia Insurance for property and general liability insurance. There is a \$1,000 deductible with a one hundred percent blanket, all risk policy.

Professional liability is protected by Philadelphia Insurance Company with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate and no deductible. A \$500,000 Employee dishonesty crime policy is in place through the Chubb Group.

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For the Fiscal Year Ending June 30, 2008**

**B. Workers' Compensation**

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

**C. Employee Medical, Dental and Life Benefits**

The School has contracted through a private carrier to provide employee medical, dental, and life/disability insurance to its full time employees. The School pays sixty-six percent of the monthly premiums for medical coverage and nineteen percent for dental and disability/life coverage.

**8. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer pension plans administered by the School Employees Retirement Board. 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 standalone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. 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 School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$11,472, \$8,884 and \$9,984 respectively; 96.36 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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**B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. 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 St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**Plan Options** - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times 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 allocate 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, the member contributions are allocated by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a onetime irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years 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

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For the Fiscal Year Ending June 30, 2008**

benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$45,357, \$44,927 and \$62,230 respectively; 84.39 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

The School participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In

**DOHN COMMUNITY HIGH SCHOOL  
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For the Fiscal Year Ending June 30, 2008**

addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$0.

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, 2008, 2007, and 2006 were \$5,235, \$2,762, and \$1,649 respectively; 96.36 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 66 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal year ended June 30, 2008 (first year required disclosure) was \$827; 96.36 percent has been contributed for fiscal year 2008.

**B. State Teachers Retirement System**

The School contributes to 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. 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 may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Ohio law 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School, contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$3,489, \$3,456, and \$5,355 respectively; 84.39 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**DOHN COMMUNITY HIGH SCHOOL  
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For the Fiscal Year Ending June 30, 2008**

**10. OTHER EMPLOYEE BENEFITS**

Full-time teachers are entitled to eight days of sick leave a year. Administrative staff, including the administrative assistant, is entitled to ten days of sick leave a year. Full-time employees receive two personal days per calendar year. Part-time employees receive one personal day per calendar year. Unused personal days are forfeited.

The School provides life insurance to all employees through a private carrier. Coverage in the amount of \$10,000 is provided to all full-time certified and non-certified employees.

**11. RESTRICTED NET ASSETS**

At June 30, 2008 the School reported net assets totaling \$6,418. The nature of the net assets restrictions are as follows:

State specific educational program grants	\$ 3,000
Federal specific educational program grants	<u>3,418</u>
Total	<u>\$ 6,418</u>

**12. CONTINGENCIES**

**A. Grants**

The School receives financial assistance from numerous federal and state agencies in the form of grants. The disbursement 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 of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School at June 30, 2008.

**DOHN COMMUNITY HIGH SCHOOL  
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NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Year Ending June 30, 2008**

**13. PURCHASED SERVICES**

For the period July 1, 2007 through June 30, 2008, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	\$ 166,585
Property services	34,366
Communications	12,384
Utilities	4,423
Other	<u>1,397</u>
Total purchased services	<u>\$ 219,155</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS***

To the Members of the Board of Trustees  
Dohn Community High School

We have audited the financial statements of the Dohn Community High School (School), as of and for the year ended June 30, 2008, and have issued our report thereon dated March 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

We consider the deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting. The significant deficiencies are reported as findings 2008-001 through 2008-004.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe findings 2008-001 and 2008-002 are also material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed multiple instances of noncompliance or other matters that we are required to report under *Government Auditing Standard*. The instances of noncompliance are reported as finding deficiencies and reported as findings 2008-005 through 2008-006.

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the School's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of management, the Board of Directors, the Ohio Auditor of State, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jaxx & Company". The signature is written in black ink and is positioned above the printed name and date.

Cincinnati, Ohio  
March 20, 2009

**DOHN COMMUNITY HIGH SCHOOL  
SCHEDULE OF FINDINGS  
For the year ended June 30, 2008**

<b>Finding Number</b>	<b>2008-001</b>
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**Material Weakness** – Inadequate internal controls related to clearing reconciling items noted in bank reconciliations.

**Criteria** – Good internal control suggest that all cash account be reconciled to the general ledger on a monthly basis, with adequate and timely investigation of all material or suspicious reconciling items.

**Condition** – During the audit, we noted that large reconciling items disclosed during the bank reconciliations were not cleared in a timely manner.

**Cause** – Accountability for timely clearing of reconciling items has not been established.

**Effect** – Inaccurate financial reporting resulted and there is an increased risk of misappropriation of cash due to fraud or error in accounting.

**Recommendation** – We recommend that all bank reconciling items be promptly investigated and adjusted in a timely manner to the general ledger.

***Views of responsible officials and planned corrective actions***

The Treasurer performs the monthly bank reconciliations. There were some larger reconciling items that occurred as a result of Federal CCIP payments that were received that the Ohio Department of Education did not show as being sent to Dohn Community High School. The Treasurer contacted the Ohio Department of Education to determine the origin of these payments and did not receive a timely response. This situation will have been resolved by the end of Fiscal Year 2009.

***Auditors' Evaluation of Comments***

While the planned corrective actions noted above should resolve the 2008 unreconciled differences, it is important that a process be developed to ensure future reconciling items are timely cleared.

**DOHN COMMUNITY HIGH SCHOOL  
SCHEDULE OF FINDINGS  
For the year ended June 30, 2008**

<b>Finding Number</b>	<b>2008-002</b>
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**Material Weakness** – Accounting for the imprest payroll account should be strengthened.

**Criteria** – Good internal control related to financial reporting suggests that financial statements must be the product of a financial reporting system that provides reasonable assurance that management is able to prepare reliable financial statements that are fairly presented in conformity with generally accepted accounting principles (GAAP).

**Condition** – During the audit, we noted receipt and disbursement transactions for the payroll imprest account are not posted in the general ledger.

**Cause** – Dohn has relied on the imprest nature of the account to properly reflect the transactions.

**Effect** – The possibility of inaccurate financial reporting and increased risk of misappropriation of cash due to fraud or error in accounting could occur.

**Recommendation** – We recommend that the accounting for the imprest payroll account (deposits and disbursement) be included in the general ledger and that the account be reconciled on a monthly basis, clearly identifying the makeup of the account balance.

***Views of responsible officials and planned corrective actions***

We are aware of the deficiencies in the accounting for the payroll account and we have made efforts to correct this situation during Fiscal Year 2009. We will continue to reconcile this account in the future and ensure that all transactions are reflected appropriately.

***Auditors' Evaluation of Comments***

The planned corrective actions to reconcile the payroll account and properly reflect the reconciled amounts in the financial reporting for the School should resolve the internal control problem noted, if properly implemented. However, the finding will remain in the final report because the situation was present during the audit and into the subsequent fiscal year.

**DOHN COMMUNITY HIGH SCHOOL  
SCHEDULE OF FINDINGS  
For the year ended June 30, 2008**

<b>Finding Number</b>	<b>2008-003</b>
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**Significant Deficiency** – Cash Disbursements are not always supported by approved purchase orders or were not properly approved in advance of disbursement.

**Criteria** – The School’s policies and procedures require all cash disbursements to be properly approved by the Treasurer and/or Supervisor via purchase order, and properly supported by adequate evidence before disbursement is made.

**Condition** – During testing for controls over cash disbursements for the School’s cash disbursements system, we noted for 9 of 60 cash disbursements tested, the disbursements were made before or without proper authorization, i.e. signed purchase orders or approved expense reports.

**Cause** – Dohn management did not perform cash disbursement duties in accordance with policies and procedures

**Effect** – The School was in noncompliance with school policies and procedures related to cash disbursements, and there was an increased risk of misappropriation of assets due to error, fraud, or theft.

**Recommendation** – We recommend the School follow its current policies and procedure for cash disbursements and ensure all cash disbursements are supported by adequate evidence of proper approval by management before disbursement is made.

***Views of responsible officials and planned corrective actions***

During Fiscal Year 2009 we will begin using the Then and Now Certificate to ensure that disbursements made before or without proper authorization have a certificate attached.

***Auditors’ Evaluation of Comments***

If the School implements its new procedures of using Then and Now certificates to ensure disbursement are properly authorized, this finding should be resolved. However, the finding will remain in the final report because the situation was present during the audit and into the subsequent fiscal year.

**DOHN COMMUNITY HIGH SCHOOL  
SCHEDULE OF FINDINGS  
For the year ended June 30, 2008**

<b>Finding Number</b>	<b>2008-004</b>
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**Significant Deficiency** – Payroll Process and Related Disbursements

**Criteria** – The School’s policies and procedures related to payroll disbursements includes the following:

1. Treasurer’s approval and certification as to amount before payroll disbursement is made by Finance office.
2. Finance office to properly post and allocate time charged per approved school calendar and/or absence forms to Uniform State Payroll System (USPS).
3. Time sheet must be signed by supervisor approving hours worked and leave taken.
4. Employees must be based upon board approved contract and allocated on a per scheduled workday basis.

**Condition** – During testing for controls over cash disbursements for the School’s payroll disbursements system, we observed the following internal control deviations:

1. Of the 60 payroll transaction tested, five contract amounts (as revised) did not agree to the amount paid to the employee or employee was paid more than amount recalculated by auditor.
2. The Treasurer did not sign the certificate authorizing the payment of payroll for 9 of 24 pay periods tested.
3. Of the 60 payroll disbursements tested, six that were posted to sick leave taken by the School employees were inaccurately shown as regular time in to the School’s payroll accounting system.
4. Of the 60 payroll disbursements tested, one payroll disbursement was paid before the employee’s time sheet was approved by the supervisor and/or Treasurer.

**Cause** – Dohn management did not perform payroll supervision duties in accordance with its policies and procedures

**Effect** – Noncompliance with school policies and procedures related to payroll disbursements, and an increased risk of misappropriation of assets due to error, fraud, or theft.

**Recommendation** – We recommend that the School follow current policies and procedure for payroll disbursement system, and ensure all payroll disbursements are properly approved by management before disbursement is made. Also, we recommend that the Treasurer update/implement internal control procedures to ensure hours charged to payroll expenses are properly allocated into Uniform State Payroll System (USPS) based upon approved documentation.

**DOHN COMMUNITY HIGH SCHOOL  
SCHEDULE OF FINDINGS  
For the year ended June 30, 2008**

*Views of responsible officials and planned corrective actions*

**Condition 1** – We had several contract changes during the year and when that happens we determine how many days the employee actually worked, multiply that by their daily rate, subtract what they have already been paid, and then determine what we owe them for the remainder of the contract or what they owe us. I realize there were some questions relative to contract changes but I thought we had answered them adequately.

**Condition 2** – These certificates were reviewed and were just not signed. We have corrected this situation and will continue to ensure that each of them are signed now and in the future.

**Condition 3** – We will endeavor to correct these situations in the future.

**Condition 4** – This was an oversight. As your comment mentions almost all of the time we did follow this procedure.

*Auditors' Evaluation of Comments*

Documentation of the payroll exceptions related to Condition 1 has been provided to Dohn. The finding will remain in the final report because the situation was present during the audit and into the subsequent fiscal year.

**DOHN COMMUNITY HIGH SCHOOL  
SCHEDULE OF FINDINGS  
For the year ended June 30, 2008**

<b>Finding Number</b>	<b>2008-005</b>
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**Significant Deficiency** – Noncompliance with Ohio Revised Code 5705.391 (A)

*Criteria* – Ohio Rev. Code Section 5705.391(A) requires School boards to prepare 5-year projections of revenues and expenditures as outline by guidance found in Ohio Admin. Code §3301-92-04. The plan must be approved by resolution and submitted to the Department of Education upon the adoption of an annual appropriation measure, but no later than October 31 of any fiscal year.

**Condition** – The School failed to submit an updated 5-year projection with the state.

*Effect* – The School was in Noncompliance with Ohio Revised Code 5705.391 (A).

*Cause* – The specific cause not known, however, it appears the School’s management overlooked the State reporting requirement.

*Recommendation* – We recommend that the School properly prepare and submit to the Ohio Department of Education an updated Five-Year projection of revenues and expenditures for the School including all related assumptions.

*Views of responsible officials and planned corrective actions*

We have always submitted our Five Year Forecasts in a timely manner via email. I will look to see if I have the email confirmation of when this forecast was submitted and forward to you. If it is found we did not submit the forecast it would simply be an oversight...the forecast was approved at the appropriate times by the Board of Directors. Further, we did not to my knowledge receive anything from the Ohio Department of Education saying we had not filed the forecast.

*Auditors’ Evaluation of Comments*

The Ohio Department of Education’s web portal indicates the School has not submitted its fiscal year 2008 forecast as of the audit report date of March 20, 2009. We continue to recommend that the School establish procedures to ensure the forecasts are timely received by the Ohio Department of Education.

**DOHN COMMUNITY HIGH SCHOOL  
SCHEDULE OF FINDINGS  
For the year ended June 30, 2008**

<b>Finding Number</b>	<b>2008-006</b>
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**Significant Deficiency** – Noncompliance with Ohio Revised Code 3701.391

**Criteria** – Ohio Rev. Code §3701.931: Local boards of health shall annually inspect each public and nonpublic school *building* and associated grounds, pursuant to the guidelines established by the Ohio Director of Health, to identify conditions dangerous to public health and safety.

The inspection report shall include recommendations for changes that the board of health determines may be needed to abate conditions that are hazardous to occupants. R.C. § 117.102 authorizes the Auditor of State to include references to recommendations from these reports in the audit reports of a school district or other entity covered by these requirements.

**Condition** – Based upon discussion with Ken Furrier, Superintendent and review of the health inspection completed March 24, 2008, the School had not implemented or performed inspection recommended by the Ohio Department of Health, including the following recommendations:

1. Obtain Ohio Department of Health roof inspection certificate
2. Obtain a radon ruling, protocol, and evidence of building being radon resistant
3. Obtain evidence of inspection and/or removal of asbestos

As of February 15, 2009, the School has not implemented all of the Ohio Department of Health's recommendations.

**Cause** – The Superintendent indicated the inspections were not completed due to monetary constraints.

**Effect** – The School was in non-compliance with Ohio Rev. Code 3701.391. Also, the School's main building may be unsafe for the students and staff.

**Recommendation** – We recommend the School have all Ohio Department of Health safety recommendations completed as required by Ohio Rev. Code 3701.391.

***Views of responsible officials and planned corrective actions***

This will be corrected to the extent possible during the current Fiscal Year.

***Auditors' Evaluation of Comments***

If the School performs the stated recommendations, this finding will be resolved. However, the finding will remain in the final report because the situation was present during the audit and into the subsequent fiscal year.

**DOHN COMMUNITY HIGH SCHOOL  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the year ended June 30, 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Or Finding No Longer Valid; Explain:</b>
2007-001	Documentation supporting cash receipt could not be traced to deposit slip	Yes	Corrected: Pay-in sheets are used by Finance office to summarize daily receipts. Pay-in sheets are used to create daily deposit slips and post receipts to accounting system.



**Mary Taylor, CPA**  
Auditor of State

**DOHN COMMUNITY HIGH SCHOOL**  
**HAMILTON 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**  
**OCTOBER 8, 2009**