THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY

Financial Statements

June 30, 2009

(with Independent Auditors' Report)

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Mary Taylor, CPA
Auditor of State

Board of Governance
ISUS Institute of Construction Technology
140 North Keowee Street
Dayton, Ohio 45402

We have reviewed the *Independent Auditors' Report* of the ISUS Institute of Construction Technology, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2008 through June 30, 2009. 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.

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 ISUS Institute of Construction Technology is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 17, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Governance
The ISUS Institute of Construction Technology
Dayton, Ohio

We have audited the accompanying financial statement of The ISUS Institute of Construction Technology (the School), as of and for the year ended June 30, 2009, as listed in the table of contents. These 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 ISUS Institute of Construction Technology, as of June 30, 2009, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the School as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information in those schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 30, 2009

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The discussion and analysis of The ISUS Institute of Construction Technology (The School) financial performance provides an overall review of the financial activities for the period ended June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for the period ended June 2009 are as follows:

- Total assets decreased by $500,680 which represents a 31 percent decrease from the period ended June 2008. The decrease resulted from $748,461 decrease in due from related parties and $192,173 decrease in cash and cash equivalents. The decrease was offset by an increase in accounts receivable and intergovernmental receivable of $360,717 and prepaid items of $42,692. Capital Assets net of accumulated depreciation increased by $36,545 due the purchase of equipment offset by normal depreciation.

- Total liabilities increased $98,418 which represents an 18 percent increase from the period ended June 2008. The increase resulted from $3,095 increase in accounts payable, $31,489 increase in due to related parties, $2,464 increase in accrued liabilities and capital lease obligations increased by $90,434. These increases were offset by decreases in intergovernmental payables of $4,852, accrued wages and benefits payable of $14,413 and compensated absences decreased by $9,799.

- The operating loss reported for the period ended June 2009 $3,059,026 was $685,840 more than the operating loss reported for the period ended June 2008 of $2,373,186.

Using this Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a balance sheet, income statement, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Balance Sheet

The balance sheet answers the question, "How did we do financially during the period?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net assets, however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School building and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the School's balance sheet for the period ended June 2009 compared with the period ended June 2008.

Table 1
Statements of Net Assets

		2009	2008
Assets			
Current and other assets	$	891,954	1,429,179
Capital assets, net		203,885	167,340
Total assets		1,095,839	1,596,519
Liabilities:			
Current liabilities		562,928	536,684
Non-current liabilities		72,174	-
Total liabilities		635,102	536,684
Net assets:			
Invested in capital assets		203,885	167,340
Unrestricted		256,852	892,495
Total net assets	$	460,737	1,059,835

Total net assets of the School decreased by $599,098, in large part due to approximately $844,000 increase in operating expenses.

The decrease of $537,225 in current assets resulted from $748,461 decrease in due from related parties and $192,173 decrease in cash and cash equivalents. The decrease was offset by an increase in accounts receivable and intergovernmental receivable of $360,717 and prepaid items of $42,692.

Capital Assets net of accumulated depreciation increased by $36,545 as a result of equipment purchase in the amount of $103,753, offset by depreciation in the amount of $66,908 and $300 net loss disposal of old equipment.

The increase of $26,244 in current liabilities resulted from $3,095 increase in accounts payable, $31,489 increase in due to related parties, $2,464 increase in accrued liabilities and an increase in the current portion of the capital lease of $18,260. These increases were offset by decreases in intergovernmental payables of $4,852, accrued wages and benefits payable of $14,413 and compensated absences decreased by $9,799.

Capital lease, long term portion increased by $72,174 as a result of new copier leases obtained during the year.

Table 2 shows a summary of revenues and expenditures compared for the period ended June 2009 and June 2008.

Table 2
Changes in Net Assets

	2009	2008
Operating revenues:		
Foundation payments	$ 1,222,397	941,791
Charge for services	759,380	881,534
Other	3,568	3,569
Non-operating revenues		
State and Federal grants	388,541	400,845
Contributions	-	16,470
Other grants	675,426	603,288
ISUS (on behalf) revenue	1,397,666	1,273,273
Total revenues	4,446,978	4,120,770
Operating expenses:		
Salaries	2,010,318	2,279,473
Fringe benefits	551,381	554,460
Purchased services	1,483,742	1,138,216
Materials and supplies	60,742	56,905
Depreciation	66,908	63,350
Other expenses	871,280	107,676
Total operating expenses	5,044,371	4,200,080
Non-operating expenses		
Interest expense	1,705	190
Change in net assets	(599,098)	(79,500)
Net assets, beginning of year	1,059,835	1,139,335
Net assets, end of year	$ 460,737	1,059,835

Operating revenues increased $158,451 as compared to the period ended June 2008. The increase was due to an increase in Foundation payments of $280,606 from an increase in student FTE's. The increase was offset by a decrease in charges for services of $122,154 due to a decrease in billings for administrative services to the other ISUS Institutes and the Corporation.

Operating expenses reported for the period ended June 2009 were $844,291 more than the total operating expenses reported for the period ended June 2008. Purchased services increased by $345,526 and other operating expense increased by $763,604 due to write off of uncollectible amounts due from related parties in the amount of $740,209 during the fiscal year. The increase was offset by a decrease in payroll and fringe benefits by $272,234 due to staff reductions.

Non-Operating revenues increased $167,757 as compared to the period ended June 2008. Other grants increased $72,138 due to an increase in grant funding from Montgomery County and ISUS (on behalf) payments increased by $124,393 due to the related parties forgiving approximately $775,000 of amounts due them during the fiscal year. The increase was offset by a decrease in state and federal grants and contributions by $28,774.

Capital Assets

For the period ended June 2009, total capital assets of the School were $518,267 off-set by $314,382 in accumulated depreciation resulted in net capital assets of $203,885. Table 3 shows the categories of capital assets maintained by The School, net of accumulated depreciation, for the period ended June 2009 and 2008.

Table 3
Capital Assets, net of depreciation

		2009	2008
Equipment	$	495,499	393,546
Leasehold improvements		22,768	22,768
		518,267	416,314
Less: accumulated depreciation		314,382	248,974
Totals	$	203,885	167,340

The increase of $36,545 in capital assets is due to current year additions of $103,753, offset by depreciation in the amount of $66,908 and $300 net loss disposal of old equipment. See note 13 to the financial statements for additional information on capital assets.

Debt

At June 30, 2009, the School had no debt obligations.

Contacting the School

This financial report is designed to provide a general overview of the finances of The ISUS Institute of Construction Technology and to show The School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: The ISUS Institute of Construction Technology, 140 N. Keowee St., Dayton, OH 45402.

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
Statement of Net Assets
June 30, 2009

Assets		
Current assets:		
Cash and cash equivalents	$	8,883
Accounts receivable		391,000
Intergovernmental receivable		102,252
Due from related parties		206,459
Prepaid items		183,360
Total current assets		891,954
Non-current assets, net of accumulated depreciation:		
Equipment		184,471
Leasehold improvements		19,414
Total non-current assets		203,885
Total assets	$	1,095,839
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$	39,625
Intergovernmental payable		7,429
Due to related parties		336,090
Accrued wages and benefits payable		92,339
Compensated absences payable		66,598
Capital lease, current portion		18,260
Accrued liabilities, other		2,587
Total current liabilities		562,928
Non-current liabilities		
Capital lease, long term portion		72,174
Total liabilities		635,102
Net assets:		
Investment in capital assets		203,885
Unrestricted		256,852
Total net assets		460,737
Total liabilities and net assets	$	1,095,839

See accompanying notes to the financial statements.

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2009

Operating revenues:		
Foundation payments	$	1,222,397
Charges for services		759,380
Miscellaneous		3,568
Total operating revenues		1,985,345
Operating expenses:		
Salaries		2,010,318
Fringe benefits		551,381
Purchased services		1,483,742
Materials and supplies		60,742
Depreciation		66,908
Other operating expenses		871,280
Total operating expenses		5,044,371
Operating loss		(3,059,026)
Non-operating revenues (expenses)		
Federal grants		381,651
State grants		6,890
Other grants		675,426
Interest expense		(1,705)
ISUS (on behalf) revenue		1,397,666
Total non-operating revenues (expenses)		2,459,928
Change in net assets		(599,098)
Net assets, beginning of the year		1,059,835
Net assets, end of year	$	460,737

See accompanying notes to the financial statements.

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
Statement of Cash Flows
Year Ended June 30, 2009

Cash flows from operating activities:		
Cash received from foundation payments	$	1,222,397
Cash received from charges for services		1,147,124
Cash received by miscellaneous sources		3,568
Cash used for employees for services		(2,585,911)
Cash used for suppliers for goods and services		(1,651,088)
Net cash used for operating activities		(1,863,910)
Cash flow from noncapital financing activities		
Cash received from related parties		622,495
Cash received from federal, state, private, and local grants		1,063,967
Net cash provided by noncapital financing activities		1,686,462
Cash flow from capital and related financing activities		
Cash used for capital acquistions		(5,291)
Cash used for capital lease obligation		(7,729)
Cash used for interest payments		(1,705)
Net cash used for capital and related financing activities		(14,725)
Net decrease in cash and cash equivialents		(192,173)
Cash and cash equivalents at the beginning of the year		201,056
Cash and cash equivalents at the end of the year	$	8,883

See accompanying notes to the financial statements.

Reconciliation of operating loss to net cash used for operating activities		
Operating loss	$	(3,059,026)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation		66,908
Bad debt expense		740,209
Change in assets and liabilities		
Accounts receivable		(278,300)
Intergovernmental receivable		(82,417)
Due from related parties *		8,252
Prepaids items		(42,691)
Accounts payable		778,266
Intergovernmental payable		(4,852)
Due to related parties **		31,489
Accrued wages and benefits payable		(14,413)
Accrued compensated absences payable		(9,799)
Other liabilities		2,464
Net cash used for operating activities	$	(1,863,910)
Supplemental Disclosures		
Noncash capital and noncapital financing transaction:		
Lease of Equipment		
Equipment	$	98,163
Capital lease obligation		(98,163)

* Inlcludes $740,209 of due from related parties wriiten off during current year (see note 9)
** Includes $775,171 of due to related parties forgiven during current year (see note 9)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the ISUS Institute of Construction Technology are set forth to facilitate the understanding of data presented in the financial statements.

Description of organization

The ISUS Institute of Construction Technology (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 as an organization operated exclusively for educational purposes. The School is exempt 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.

Specifically, the mission of the School is to advance youth through a program of academic education, employment training, personal and leadership development, and service learning. Students will graduate with the knowledge, skills and attitudes required for employment in the building trades industry. The School is a degree granting high school and serves students from age sixteen through twenty-one.

The School, which is part of the State's education program, is independent of any school district. It may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the school.

The creation of the School was initially proposed to the Ohio Department of Education, the sponsor, by the developers of the School in April 1999. The Ohio Department of Education approved the proposal and entered into a contract with the developers effective July 1, 1999. The first school year, for students, began on September 15, 1999.

The school operates under a five member Board of Governance. The Board is ultimately responsible for carrying out the provisions of the contract 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 controls the School's one instructional facility that was staffed by 18 certificated counseling and teaching personnel, and 14 non-certificated administrative staff. Approximately two hundred and sixty-five (265) students were served during the 2008-2009 school year.

The School is associated with five organizations which are defined as related organizations. These organizations are the Improved Solutions for Urban Systems, Inc. (ISUS), ISUS Trade and Technology Community School of Columbus, ISUS Trade and Technology Community School of Springfield, The ISUS Institute of Health Care, and The ISUS Institute of Manufacturing. These organizations are presented in Note 14 to the financial statements.

Financial statement presentation

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The School has elected not to apply the provisions for the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The more significant of the School's accounting policies are described below.

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 net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Measurement focus and basis of accounting
The accounting and financial reporting treatment is determined by its 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 statement of net assets. The difference between total assets and liabilities is defined as net assets. Net assets are segregated into three categories: 1) net assets invested in capital assets, 2) restricted net assets and 3) unrestricted net assets. The statement of revenues, expenses and changes in net assets present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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.

Budgetary process
The School must adopt a spending plan as set forth in the Ohio Revised Code 5705.391, which requires annual appropriations and annual revenue estimates.

Cash and cash equivalents
The School's fiscal officer accounts for all monies received by the School. All monies are maintained in a demand deposit account. To improve cash management, all cash received from the State of Ohio is electronically transferred into an account. The School had no investments during the period.

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

Capital assets and depreciation
Capital assets and improvements with an estimated historical cost or cost of more than $1,000 are capitalized and updated for additions and retirements during the year. The costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are expensed.

Depreciation is computed using the straight-line method over an estimated useful life of the asset which is 5 years for equipment and 40 years for leasehold improvements.

Intergovernmental revenues
The School participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program. Revenues received from these programs are recognized as operating revenues (State Foundation) in the accounting period in which all eligibility requirements have been met.

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

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.

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

The School does not record a liability for sick leave benefits because its policy is not to pay out accumulated sick leave balances upon termination of employment.

Accrued liabilities, other
Obligations incurred but unbilled prior to June 30, 2009, are reported as accrued liabilities in the accompanying financial statements.

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 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.

2. CASH AND DEPOSITS:
Custodial credit risk for deposits 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. At June 30, 2009, all of the School's bank balance was covered within the federal deposit insurance limit. The balance in excess of the federal deposit insurance limit was covered by pooled investments held by the bank where the funds were held during the year.

The School has 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 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 secured.

3. RECEIVABLES:
Accounts receivable
Accounts Receivable at June 30, 2009 includes $391,000 due from Sinclair Community College for the Prevention, Retention and Contingency funds grant. These receivables are considered collectible in full, due to the stable condition of State programs.

Due from related parties

Due from related parties at June 30, 2009 include amounts due the School from The ISUS Institute of Manufacturing, The ISUS Institute of Health Care and ISUS Inc., for state, federal, and other sources received by these related parties that are passed through to the School. These amounts are considered collectible in full, due to the stable condition of the related parties.

Due from related parties at June 30, 2009 consisted of the following:

Institute of Health Care	$	52,888
Institute of Manufacturing		119,344
ISUS, Inc.		34,227
Total due from related parties	$	206,459

Intergovernmental receivable

Ohio Department of Education	$	81,982
School Lunch		20,270
Total intergovernmental receivable	$	102,252

4. RISK MANAGEMENT:

Property and liability

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the period ended June 30, 2009, the School contracted with the Cincinnati Insurance Company for property and general liability insurance.

The School leased a facility on which they were named insured's with ISUS Inc., with coverage provided by The Cincinnati Insurance Company. Coverage included personal property $1,689,500; employee dishonesty $300,000; and general liability $1,000,000 with an aggregate limit of $2,000,000.

Worker's compensation

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

Employee, medical, dental, and vision benefits

The School, through a contract held by ISUS, Inc., provides employee dental, life, vision, and medical and surgical benefits. The School pays 80% of the monthly premium and the employee is responsible for the remaining 20%, except for dental insurance which is split 50/50 by the School and employee. Insurance premiums vary by employee depending upon such factors as age, gender, and number of covered dependents.

5. DEFINED PENSION BENEFITS PLANS:

A. State Teachers Retirement System

The School 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 43215-3371 or by calling (614) 227-4090, or by visiting STRS Ohio web-site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DC 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 member contributions and earned interest matched by STRS Ohio funds times 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. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. 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. 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 members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or combined plan. Various other benefits are available to members' beneficiaries.

For the fiscal year ended June 30, 2009, plan members were required to contribute the statutory maximum of 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. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions to STRS Ohio for the fiscal year ended June 30, 2009, 2008 and 2007 were $119,765, $106,765 and $94,976, respectively; equal to required contributions for each year.

B. School Employee Retirement System

The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statue Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (800) 878-5853. It is also posted on SERS's website, www.ohsers.org, under Employers/Audit Resources.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $129,229, $160,544 and $122,904 respectively; which equaled the required contributions for each year.

6. POST-EMPLOYMENT BENEFITS:

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Interested parties may obtain additional information regarding benefits provided by each system by obtaining the respective *Comprehensive Annual Financial Report* by following the directions noted in Note 5 above.

A. State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan. Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The amount of the Schools contributions to STRS allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007 were $9,188, $7,626, and $7,306, respectively; 100 percent has been contributed for all years.

B. School Employee Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two postemployment benefit plans, Medicare Part B and Health Care Plans. The SERS Retirement Board establishes 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. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which may be obtained using the contact information noted in the preceding disclosure.

<u>Medicare Part B Plan</u>*:* The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in the Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was $96.40, SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation is .75 percent of covered payroll. The School's contributions for the years ended June 30, 2009, 2008 and 2007 were $6,923, $7,569 and $5,970, respectively, which equaled the required contributions each year. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State Statute.

<u>Health Care Plan</u>*:* Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription

drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

Active members do not make contributions to the postemployment benefit plans. 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 Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation was 4.16 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were $38,399, $47,934 and $29,146, respectively.

7. OTHER EMPLOYEE BENEFITS-COMPENSATED ABSENCES:

The criteria for determining vacation and sick leave components are derived from School policy and State laws. Full-time employees earn 2 days of vacation after 90 day of employment and 7 days on the employee's annual employment anniversary. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers, administrators, and employees earn sick leave at the rate of three hours per pay period, accruable to 80 hours. Sick leave in excess of 80 hours is reimbursed on a quarterly basis.

8. CONTINGENCIES:

Grants

The School received financial assistance from 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 School. 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, 2009.

State Funding

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. This information was not available as of the date of this report.

9. RELATED PARTY TRANSACTIONS:

Due to related parties

Included in due to related parties balance is $139,036 and $90,001 due to The ISUS Institute of Manufacturing and The ISUS Institute of Health Care, respectively, for reimbursement of administrative employees' payroll and pass through of grant funds. Also, included in the due to related parties is $107,053 due to ISUS Inc. for reimbursement of administrative employees' payroll, office supplies, and lease payments.

Improved Solutions for Urban Systems, Inc. (ISUS)

Improved Solutions for Urban Systems, Inc. (ISUS) is a not-for-profit corporation in the State of Ohio, operated under the direction of a different Board of Governance. The School paid $763,004 for administrative services to this organization during fiscal year 2009. At June 30, 2009, the School was due $34,227 from the organization and owed the organization $107,053. During fiscal year 2009, ISUS forgave $725,655 of outstanding amounts due from the School, which has been reported as additional on behalf payments revenue for the year. To obtain financial information, write to Improved Solutions for Urban Systems, Inc. (ISUS), David Bridge, Accountant, at 140 North Keowee Street, Dayton, OH 45402.

The ISUS Institute of Manufacturing

The ISUS Institute of Manufacturing is a not-for-profit corporation in the State of Ohio, operated under the direction of the same Board of Governance as this School. The School paid $24,840 for administrative services to this organization during fiscal year 2009. At June 30, 2009, the School was due $119,344 from the organization and owed the organization $139,036. During fiscal year 2009, ISUS Institute of Manufacturing forgave $49,516 of outstanding amounts due from the School, which has been reported as additional on behalf payments revenue for the year. The ISUS Institute of Construction Technology wrote off $296,234 of amounts due from the ISUS Institute of Manufacturing during the fiscal year. To obtain financial information, write to The ISUS Institute of Construction Technology, David Bridge, Accountant, at 140 North Keowee Street, Dayton, OH 45402.

The ISUS Institute of Health Care

The ISUS Institute of Health Care is a not-for-profit corporation in the State of Ohio, operated under the direction of the same Board of Governance as this School. The School paid $11,851 for administrative services to this organization during fiscal year 2009. At June 30, 2009, the School was due $52,888 from the organization and owed the organization $90,001. The ISUS Institute of Construction Technology wrote off $443,975 of amounts due from the ISUS Institute of Health Care. To obtain financial information, write to The ISUS Institute of Construction Technology, David Bridge, Accountant, at 140 North Keowee Street, Dayton, OH 45402

10. OPERATING LEASE:

During fiscal year 2009, the School leased a building and office facility under an operating lease agreement ending June 30, 2009 from ISUS, Inc. Total lease payments were $402,810 for the year ended June 30, 2009, which includes utilities, telephone service, and janitorial service. The basis for determining the payment was the square footage occupied by the School. The lease arrangement states it will automatically renew for four successive one year periods, absent an action by either of the parties to terminate the lease.

11. PURCHASED SERVICES:

For the fiscal year 2009, purchased services expenses were payments for services rendered by various vendors for the following:

Professional/Technical Services	$	108,128
Contracted Craft/Trade Services		814,730
Administrative		560,884
Total purchased services	$	1,483,742

12. CAPITAL LEASE:

The School has entered a capital lease for copiers. The lease extends through January, 2013.

Future minimum lease payments are as follows:

2010	$	21,750
2011		21,750
2012		21,750
2013		21,750
2014		12,688
		99,688
Less amount representing interest		9,254
Present value of minimum lease payments	$	90,434
Current maturities	$	18,260
Noncurrent maturities		72,174
	$	90,434

The amount capitalized under lease agreement at June 30, 2009 was $98,163 and the related accumulated depreciation with respect to these assets was $9,204. Amortization expense has been included with depreciation expense for financial reporting purposes.

13. CAPITAL ASSETS:

A summary of the capital assets at June 30, 2009 follows:

		Balance 6/30/2008	Additions	Reductions	Balance 6/30/2009
Capital Assets, being depreciated:					
Furniture and equipment	$	393,546	103,753	(1,800)	495,499
Less: accumulated depreciation		(246,189)	(66,339)	1,500	(311,028)
Leasehold improvements		22,768	-	-	22,768
Less: accumulated depreciation		(2,785)	(569)	-	(3,354)
Capital assets, net	$	167,340	36,845	(300)	203,885

14. RELATED ORGANIZATIONS:

ISUS Trade and Technology Community School of Columbus and the ISUS Trade and Technology Community School of Springfield are community schools in the State of Ohio, operated under the direction of the same Board of Governance that operates the School. The abovementioned schools are in the start-up phase of the community school process. The School provides administrative services to the abovementioned community schools. To obtain financial information, write to The ISUS Institute of Construction Technology, Montgomery County, David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

The ISUS Institute of Manufacturing is a community school in the State of Ohio, operated under the direction of the same Board of Governance that operates the School. The School provides administrative services to the abovementioned community school with an amount due, as of June 30, 2009, to the School as defined in Note 9. The School paid $24,840 for administrative services to this organization during fiscal year 2009. To obtain financial information, write to The ISUS Institute of Construction Technology, Montgomery County, David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

The ISUS Institute of Health Care is a community school in the State of Ohio, operated under the direction of the same Board of Governance that operates the School. The School provides administrative services to the abovementioned community school with an amount due, as of June 30, 2009, to the School as defined in Note 9. The School paid $11,851 for administrative services to this organization during fiscal year 2009. To obtain financial information, write to The ISUS Institute of Construction Technology, Montgomery County, David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

Improved Solutions for Urban Systems, Inc. (ISUS) is a not-for-profit corporation in the State of Ohio, operated under the direction of a different Board of Governance. The School paid $763,004 for administrative services to this organization during fiscal year 2009. To obtain financial information, write to Improved Solutions for Urban Systems, Inc. (ISUS), David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

15. INTERGOVERNMENTAL PAYABLE:

Intergovernmental payables at June 30, 2009 consisted of the following:

Montgomery County Juvenile Center	$	660
School Employees Retirement System		6,769
Total intergovermental payable	$	7,429

16. DUE TO RELATED PARTIES:

Due to related parties at June 30, 2009 consisted of the following:

ISUS, Inc.	$	107,053
Institute of Manufacturing		139,036
Institute of Health Care		90,001
Total due to related parties	$	336,090

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Grant Expenditures
United States Department of Health and Human Services				
Passed through Ohio Department of Education				
CSBG Community Economic Development	93.570	90EE0798	$ 35,000	35,000
United States Department of Agriculture				
Passed through Ohio Department of Education				
Nutrition Cluster:				
School Breakfast Program	10.553	08PU-2009	17,157	17,157
National School Lunch Program	10.555	LLP8-2009	42,839	42,839
Total United States Department of Agriculture - Nutrition Cluster			59,996	59,996
United States Department of Education				
Passed through Ohio Department of Education:				
Title I Grants to Local Education Agencies	84.010	C1S1-09	150,559	152,674
Title I School Improvement	84.010	C1S1-09	44,595	44,595
Special Education Grants to States	84.027	6BSF-09	36,323	38,954
State Grants for Innovative Programs	84.298	C2S1-09	293	293
Improving Teacher Quality State Grants	84.367	TRS1-09	25,781	25,781
PCSP- Dissemination	84.282A	CHS2-2007	27,000	27,000
Safe and Drug Free Schools	84.186	DRS1-09	827	827
Total United States Department of Education			285,378	290,124
Federal Communications Commission				
Passed through the Universal Service Administrative Company				
E-Rate	32.001		36,276	36,276
Department of Justice				
Passed though from ISUS Corp				
Juvenile Justice and Delinquency Program	16.541	2008-JL-FX-0472	78,376	78,376
Corporation for National and Community Service				
Passed through from ISUS Corp				
AmeriCorps Competitive/Formula Sub-Grant	94.006	07NDHMA0010045	9,248	9,248
United States Department of Labor				
Passed Through From ISUS Corp.				
Youth Offender- High Growth Grant	17.261	YF-14830-05-60	14,890	14,890
YouthBuild Grants	17.274	YB-16921-08-60-A-39	454,984	454,984
			469,874	469,874
Total Federal Financial Assistance			$ 974,148	978,894

See accompanying notes to Schedule of Expenditures of Federal Awards.

1. SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the School's federal award programs. The Schedule has been prepared in conformity with accounting principles generally accepted in the United States of America.

Note - $592,495 of the federal awards receipts are included in the School's (on behalf) revenue line item on the Statement of Revenues, Expenses and Changes in Net Assets.

2. MATCHING REQUIREMENTS:

Certain Federal programs require that the School contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School complied with these matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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*

Board of Governance
The ISUS Institute of Construction Technology
Dayton, Ohio

We have audited the financial statements of The ISUS Institute of Construction Technology as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 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 ISUS Institute of Construction Technology's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ISUS Institute of Construction Technology's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The ISUS Institute of Construction Technology's internal control over financial reporting.

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 affects 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.

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 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether The ISUS Institute of Construction Technology'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of the Board of Governance, management, others within the School and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 30, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Governance
The ISUS Institute of Construction Technology
Dayton, Ohio

Compliance

We have audited the compliance of The ISUS Institute of Construction Technology with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The ISUS Institute of Construction Technology's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The ISUS Institute of Construction Technology's management. Our responsibility is to express an opinion on The ISUS Institute of Construction Technology's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The ISUS Institute of Construction Technology's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on The ISUS Institute of Construction Technology's compliance with those requirements.

In our opinion, The ISUS Institute of Construction Technology complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of The ISUS Institute of Construction Technology is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered The ISUS Institute of Construction Technology internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The ISUS Institute of Construction Technology internal control over compliance.

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A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Governance, management, others within the School 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 30, 2009

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June 30, 2009

1. Summary of Auditors' Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	- YouthBuild CFDA 17.274
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

3. Findings and Questioned Costs for Federal Awards

None

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315(b)

June 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**:
N/A	None	N/A	N/A

No prior findings and questioned costs.

INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The ISUS Institute of Construction Technology
Montgomery County
140 North Keowee Street
Dayton, Ohio 45402

To the Board of Governance:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether The ISUS Institute of Construction Technology has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on January 10, 2008.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B), except for the reporting requirements in procedure #10 described below:

   (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

   (3) A procedure for reporting prohibited incidents;

   (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

   (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

(6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended – as of November 30, 2009, The ISUS Institute of Construction Technology has not had any reported incidents, therefore, a summary has not been posted on the web site.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 30, 2009

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ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 31, 2009