



Dave Yost • Auditor of State

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

We have audited the accompanying basic financial statements of the Sciotoville Community School, Scioto County, Ohio (the School), as of and for the year ended June 30, 2010, 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 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 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 Sciotoville Community School, Scioto County, Ohio, as of June 30, 2010, and the changes in its financial position and its cash flows 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 May 9, 2011, 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*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditure Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

May 9, 2011

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The discussion and analysis of the Sciotoville Community School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- Net assets increased \$217,844, which was primarily due to increases in federal grant monies received.
- Total assets increased \$385,362, which was primarily due to an increase in cash and cash equivalents and intergovernmental receivables. The increase of cash and cash equivalents was primarily due to an increase in the receipt of federal grant monies. Intergovernmental receivables increased due to grant award monies for fiscal year 2010 that were not received until after fiscal year-end.
- Total liabilities increased \$167,518. This was mainly due to an increase in accrued wages and benefits and accounts payable. The increase in accrued wages and benefits was primarily due to an increase in teachers at the Sciotoville Elementary Academy. Accounts payable at both the School and the Academy increased mainly due to the delay of payment until after fiscal year-end for supplies and utilities received during the fiscal year.

Using this Financial Report

This report consists of three parts, Management's Discussion and Analysis (MD&A), 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 and the Statement of Revenues, Expenses and Changes in Net Assets answer the question, "How did we do financially during fiscal year 2010?" These statements are prepared using the economic resources measurement focus. With this measurement focus, all assets and liabilities are reported, both short and long-term. These statements use the accrual basis of accounting, 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 fiscal year, regardless of when the cash is received or paid.

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 1 provides a summary of the School's net assets for fiscal year 2010 and fiscal year 2009:

(Table 1)
Net Assets

	2010	2009	Increase (Decrease)
Assets:			
Current Assets	\$1,498,887	\$1,191,955	\$306,932
Land	378,902	378,902	0
Depreciable Capital Assets, Net	2,819,397	2,740,967	78,430
<i>Total Assets</i>	<u>4,697,186</u>	<u>4,311,824</u>	<u>385,362</u>
Liabilities:			
Current Liabilities	529,266	365,991	163,275
Non-Current Liabilities	28,985	24,742	4,243
<i>Total Liabilities</i>	<u>558,251</u>	<u>390,733</u>	<u>167,518</u>
Net Assets:			
Invested in Capital Assets	3,198,299	3,119,869	78,430
Restricted for Other Purposes	349,894	206,015	143,879
Unrestricted	590,742	595,207	(4,465)
<i>Total Net Assets</i>	<u>\$4,138,935</u>	<u>\$3,921,091</u>	<u>\$217,844</u>

Total assets increased \$385,362. This increase was primarily due to increases in cash and cash equivalents and intergovernmental receivables. Cash and cash equivalents increases primarily due to increases in federal grant monies received, particularly in the Federal Startup Grant at the Academy and Title I and educational stabilization monies at both Schools.

Depreciable capital assets increased \$78,430 mainly due to the addition of equipment to be used for educational purposes and some building improvements at the Community School.

Net assets increased \$217,844 primarily due to increases in federal grant monies received as discussed above.

Total liabilities increased \$167,518. This was mainly due to an increase in accrued wages and benefits and accounts payable. The increase in accrued wages and benefits was primarily due to an increase in teachers at the Academy. Accounts payable at both the Community School and the Academy increased mainly due to the delay of payment until after fiscal year-end for supplies and utilities received during the fiscal year.

Table 2 shows the changes in net assets for fiscal year 2010 and fiscal year 2009, as well as a listing of revenues and expenses.

SCIOTOVILLE COMMUNITY SCHOOL

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Unaudited

(Table 2)
Change in Net Assets

	2010	2009	Increase (Decrease)
Operating Revenues:			
Extracurricular and Lunchroom Sales	\$122,401	\$152,978	(\$30,577)
Foundation Payments	3,209,959	3,371,412	(161,453)
Poverty Based Assistance Aid	0	118,064	(118,064)
Charges for Sales and Services	1,800	2,450	(650)
Other Revenues	27,090	8,952	18,138
Non-Operating Revenues:			
Federal Donated Commodities	46,343	30,477	15,866
Federal and State Meals Subsidies	177,236	152,565	24,671
Other Federal and State Grants	1,289,897	642,592	647,305
Interest	276	3,762	(3,486)
Other	24,996	1,977	23,019
<i>Total Revenues</i>	<u>4,899,998</u>	<u>4,485,229</u>	<u>414,769</u>
Operating Expenses:			
Salaries	2,447,830	2,281,530	166,300
Fringe Benefits	903,016	848,973	54,043
Purchased Services	468,241	364,849	103,392
Materials and Supplies	459,881	226,244	233,637
Cost of Sales	129,406	113,569	15,837
Depreciation	136,822	124,467	12,355
Other Expenses	135,958	121,373	14,585
Non-Operating Expenses:			
Loss on Sale of Capital Assets	1,000	1,914	(914)
<i>Total Expenses</i>	<u>4,682,154</u>	<u>4,082,919</u>	<u>599,235</u>
<i>Income Before Contributions</i>	217,844	402,310	(184,466)
Capital Contributions	<u>0</u>	<u>1,450</u>	<u>(1,450)</u>
Change in Net Assets	217,844	403,760	(185,916)
<i>Net Assets at Beginning of Year</i>	<u>3,921,091</u>	<u>3,517,331</u>	<u>403,760</u>
<i>Net Assets at End of Year</i>	<u>\$4,138,935</u>	<u>\$3,921,091</u>	<u>\$217,844</u>

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Net assets increased \$217,844 from fiscal year 2009 to fiscal year 2010. There was an increase in total expenses of \$599,235 while total revenues increased \$414,769 from fiscal year 2009 to fiscal year 2010. The increase in total revenues was primarily due to an increase in federal grants. The increase in total expenses was mainly due to an increase in teachers and teachers aides and the purchase of educational materials at the Academy that were not capitalized.

Capital Assets

At the end of fiscal year 2010, the School had \$3,198,299 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles, which represented an increase of \$78,430 from fiscal year 2009. The majority of the increase consisted of the acquisition of equipment to be used for educational purposes and some building improvements at the School.

For more information on capital assets see Note 4 to the basic financial statements.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Kelli Hunter, Treasurer at Sciotoville Community School, 224 Marshall Street, Sciotoville, Ohio 45662 or e-mail at kelli.hunter@east.k12.oh.us.

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Net Assets

June 30, 2010

Assets:

Current Assets:

Cash and Cash Equivalents	\$1,093,691
Intergovernmental Receivables	392,439
Inventory Held for Resale	1,365
Materials and Supplies Inventory	4,661
Prepaid Items	6,731
Total Current Assets	<u>1,498,887</u>

Non-Current Assets:

Capital Assets:	
Land	378,902
Depreciable Capital Assets, Net	2,819,397
Total Non-Current Assets	<u>3,198,299</u>

Total Assets 4,697,186

Liabilities:

Current Liabilities:

Accounts Payable	62,149
Accrued Wages and Benefits Payable	344,393
Intergovernmental Payable	81,027
Compensated Absences Payable	23,905
Undistributed Monies	17,792
Total Current Liabilities	<u>529,266</u>

Non-Current Liabilities:

Compensated Absences Payable	<u>28,985</u>
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Total Liabilities 558,251

Net Assets:

Invested in Capital Assets	3,198,299
Restricted for Other Purposes	349,894
Unrestricted	590,742

Total Net Assets \$4,138,935

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

Operating Revenues:	
Extracurricular and Lunchroom Sales	\$122,401
Foundation Payments	3,209,959
Charges for Sales and Services	1,800
Other Revenues	<u>27,090</u>
<i>Total Operating Revenues</i>	<u>3,361,250</u>
Operating Expenses:	
Salaries	2,447,830
Fringe Benefits	903,016
Purchased Services	468,241
Materials and Supplies	459,881
Cost of Sales	129,406
Depreciation	136,822
Other Expenses	<u>135,958</u>
<i>Total Operating Expenses</i>	<u>4,681,154</u>
<i>Operating Loss</i>	<u>(1,319,904)</u>
Non-Operating Revenues/Expenses:	
Federal Donated Commodities	46,343
Federal and State Meals Subsidies	177,236
Other Federal and State Grants	1,289,897
Interest	276
Other	24,996
Loss on Sale of Capital Assets	<u>(1,000)</u>
<i>Total Non-Operating Revenues</i>	<u>1,537,748</u>
<i>Change in Net Assets</i>	217,844
<i>Net Assets at Beginning of Year</i>	<u>3,921,091</u>
<i>Net Assets at End of Year</i>	<u><u>\$4,138,935</u></u>

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2010

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Customers	\$124,651
Cash Received from Others	27,090
Cash Received from Foundation Payments	3,209,959
Cash Payments to Suppliers for Goods and Services	(932,839)
Cash Payments to Employees for Services	(2,422,184)
Cash Payments for Employee Benefits	(842,921)
Cash Payments to Others	<u>(135,958)</u>

Net Cash Used for Operating Activities (972,202)

Cash Flows from Noncapital Financing Activities:

Other Non-Operating Revenues	54,959
Other Non-Operating Expenses	(15,397)
Federal and State Subsidies Received	144,545
Operating Grants Received	<u>1,131,355</u>

Net Cash Provided by Noncapital Financing Activities 1,315,462

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	<u>(216,252)</u>
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Cash Flows from Investing Activities:

Interest	<u>276</u>
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Net Increase in Cash and Cash Equivalents 127,284

Cash and Cash Equivalents at Beginning of Year 966,407

Cash and Cash Equivalents at End of Year \$1,093,691

(continued)

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2010

(continued)

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:

Operating Loss (\$1,319,904)

Adjustments to Reconcile Operating

Loss to Net Cash Used for Operating Activities:

Depreciation 136,822

Donated Commodities Received During the Year 46,343

Changes in Assets and Liabilities:

Decrease in Accounts Receivable 450

Decrease in Prepaid Items 2,189

Decrease in Inventory Held for Resale 2,729

Decrease in Materials and Supplies Inventory 6,969

Increase in Accounts Payable 59,989

Increase in Accrued Wages and Benefits Payable 51,822

Increase in Intergovernmental Payable 13,959

Increase in Compensated Absences Payable 26,430

Total Adjustments 347,702

Net Cash Used for Operating Activities (\$972,202)

Non-Cash Transactions:

During fiscal year 2010, the School received \$46,343 in donated commodities.

During fiscal year 2010, the School traded in an asset with a book value of \$9,699.

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2010

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Sciotoville Community School (the "School") is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through 12. 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. Sciotoville Community 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.

On April 24, 2007, the Montgomery County Educational Service Center signed a renewal contract with the School to be the School's Sponsor effective July 1, 2007. The contract will expire on June 30, 2014. 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 five-member Board of Directors. The Board members are elected at-large by the citizens of the community for staggered four-year terms. The Board of Directors is 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 of Directors controls the School's one instructional/support facility staffed by 16 non-certified and 41 certificated full-time teaching personnel who provide services to 340 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the School, this includes general operations, food service, and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the issuance of debt. The Sciotoville Elementary Academy (the "Academy"), which began operations July 1, 2008, is governed by the same Board of Directors as the Sciotoville Community School. Therefore, for financial reporting purposes, it is combined with the financial statements of the School.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 FASB Statements and Interpretations issued after November 30, 1989. The more significant of the School's accounting policies are described below.

Basis Of Presentation

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

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

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

Measurement Focus

The accounting and financial reporting treatment of the School's financial transactions is determined by the School's measurement focus. Enterprise fund 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 Statement of Revenues, Expenses and Changes in Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the School finances and meets its cash flow needs.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made. The School's financial statements are prepared using the accrual basis of accounting.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Expenses are recognized at the time they are incurred.

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 contract between the School and its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

Cash and Cash Equivalents

The School's Business Manager accounts for all monies received by the School. The School maintains an interest bearing depository account and all funds of the School are maintained in this account. This account is presented on the Statement of Net Assets as "Cash and Cash Equivalents". For purposes of the Statement of Net Assets, 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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the fiscal year in which services are consumed.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at cost on a first-in, first-out basis. Inventories consist of donated and purchased food held for resale, as well as supplies, all of which are expensed when used.

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of \$1,000 for all capital assets other than computers. The capitalization threshold for computers is \$500. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 20 years
Buildings and Improvements	1 - 50 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	3 - 10 years

Compensated Absences

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

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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consist of capital assets, net of accumulated depreciation. 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. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs and federal and State grants restricted to expenditures for specified purposes.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. These revenues consist of certain intergovernmental revenues and sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

Intergovernmental Revenues

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

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

Estimates

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

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2010

NOTE 3 - RECEIVABLES

Receivables at June 30, 2010, consist of intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Title I Grants to Local Educational Agencies (Title I)	\$125,921
Title I School Improvement Grant	37,106
Improving Teacher Quality Grant (Title II-A)	11,621
Education Technology Grant (Title II-D)	4,208
Safe and Drug Free Schools and Communities Grant (Title IV-A)	963
Special Education Grants to States (Part B-IDEA)	62,453
National School Lunch and Breakfast Programs	32,785
Federal Startup Grant	116,630
Reimbursement of School Employees Retirement System Expenses	752
Total Intergovernmental Receivables	<u><u>\$392,439</u></u>

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>6/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/10</u>
Capital Assets Not Being Depreciated:				
Land	\$378,902	\$0	\$0	\$378,902
Capital Assets Being Depreciated:				
Land Improvements	156,882	4,383	0	161,265
Buildings and Improvements	2,632,456	27,326	0	2,659,782
Furniture, Fixtures and Equipment	688,009	194,242	(99,692)	782,559
Vehicles	27,450	0	0	27,450
Total Capital Assets				
Being Depreciated	<u>3,504,797</u>	<u>225,951</u>	<u>(99,692)</u>	<u>3,631,056</u>
Less Accumulated Depreciation:				
Land Improvements	(25,916)	(8,469)	0	(34,385)
Buildings and Improvements	(351,268)	(53,907)	0	(405,175)
Furniture, Fixtures and Equipment	(372,773)	(72,301)	88,993	(356,081)
Vehicles	(13,873)	(2,145)	0	(16,018)
Total Accumulated Depreciation	<u>(763,830)</u>	<u>(136,822)</u>	<u>88,993</u>	<u>(811,659)</u>
Total Capital Assets				
Being Depreciated, Net	<u>2,740,967</u>	<u>89,129</u>	<u>(10,699)</u>	<u>2,819,397</u>
Capital Assets, Net	<u><u>\$3,119,869</u></u>	<u><u>\$89,129</u></u>	<u><u>(\$10,699)</u></u>	<u><u>\$3,198,299</u></u>

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2010

NOTE 5 - 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. During fiscal year 2010, the School contracted with Sherman Kricker Insurance Company for general liability and property insurance and Cincinnati Insurance Company for educational errors and omissions insurance.

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

Workers' Compensation

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension and death benefit obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension and death benefit 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. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$63,623, \$41,245, and \$34,154, respectively; 100 percent has been contributed for fiscal years 2010, 2009, and 2008.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2010

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary 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 place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

Funding Policy – For the fiscal year ended June 30, 2010, 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. 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.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2010

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$220,494, \$227,208, and \$200,554, respectively; 80.11 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$11,090 made by the School and \$7,921 made by plan members.

NOTE 7 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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, 2010, 2009, and 2008 were \$13,604, \$26,739, and \$22,224, respectively; 100 percent has been contributed for fiscal years 2010, 2009, and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$3,784, \$3,403, and \$2,461, respectively; 100 percent has been contributed for fiscal years 2010, 2009, and 2008.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2010

NOTE 7 - POSTEMPLOYMENT BENEFITS (continued)

State Teachers Retirement System of Ohio

Plan Description – 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 or by calling (888) 227-7877.

Funding Policy – 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 postemployment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$16,961, \$17,478, and \$15,427, respectively; 80.11 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 8 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation benefits are derived from policies and procedures approved by the Board of Directors. Non-certified employees earn 10 to 20 days of vacation per fiscal year, depending upon their length of service. Accumulated unused vacation time is paid to non-certified employees upon termination of employment up to a maximum payment of 50 days. Teachers do not earn vacation.

Teachers, administrators, and non-certified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation for those employees with five years of continuous service and who apply and qualify for retirement under SERS or STRS Ohio.

Insurance Benefits

The School provides life, dental and medical/surgical benefits to most employees through Medical Mutual of Ohio. The School also provides vision benefits to most employees through Vision Service Plan.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2010

NOTE 8 - EMPLOYEE BENEFITS (continued)

Deferred Compensation

School employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 9 - LEASES - LEASEE DISCLOSURE

The Academy leases land and a gymnasium from the Sciotoville Christian Church under an operating lease. Operating lease payments are reported as operating expenses on the financial statements. Total operating lease payments in fiscal year 2010 were \$8,250. The Academy is obligated under the lease agreement to pay \$9,000 in fiscal year 2011.

NOTE 10 - LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2010 were as follows:

<u>Long-Term Obligations</u>	<u>Amount Outstanding 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/10</u>	<u>Current Portion</u>
Compensated Absences	\$26,460	\$31,981	\$5,551	\$52,890	\$23,905

NOTE 11 - 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 is 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, 2010.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2010

NOTE 11 - CONTINGENCIES (continued)

Litigation

The School is not party to any legal proceedings.

State Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The results of this review could result in State funding being adjusted. The School does not anticipate any adjustments to State funding for fiscal year 2010 as a result of such a review.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2009/2010	10.555	\$ 44,665	\$ 44,665
Cash Assistance:				
School Breakfast Program	2009/2010	10.553	28,437	28,437
National School Lunch Program	2009/2010	10.555	101,780	101,780
Cash Assistance Subtotal			<u>130,217</u>	<u>130,217</u>
Total Child Nutrition Cluster			<u>174,882</u>	<u>174,882</u>
Child Nutrition Discretionary Grants	2009/2010	10.579	<u>10,000</u>	<u>10,000</u>
Total U.S. Department of Agriculture			184,882	184,882
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2009	84.010	66,696	46,474
	2010		385,069	392,729
Total Title I Grants to Local Educational Agencies			<u>451,765</u>	<u>439,203</u>
ARRA- Title I Grants to Local Educational Agencies	2010	84.389	<u>53,985</u>	<u>45,675</u>
Total Title I Cluster			505,750	484,878
Special Education Cluster:				
Special Education- Grants to States	2009	84.027	22,120	14,261
	2010		78,912	79,653
Total Special Education Grants to States			<u>101,032</u>	<u>93,914</u>
ARRA- Special Education- Grants to States, Recovery Act	2010	84.391	<u>35,211</u>	<u>43,396</u>
Total Special Education Cluster			136,243	137,310
Safe and Drug-Free Schools and Communities State Grants	2010	84.186	3,369	3,530
Charter Schools	2009	84.282		213
	2010		233,370	287,091
Total Charter Schools			<u>233,370</u>	<u>287,304</u>
Education Technology State Grants	2010	84.318	662	553
Improving Teacher Quality State Grants	2009	84.367	(391)	
	2010		15,596	17,533
			<u>15,205</u>	<u>17,533</u>
ARRA- State Fiscal Stabilization Fund-Education Grants to States, Recover Act	2010	84.394	<u>218,185</u>	<u>118,478</u>
Total U.S. Department of Education			<u>1,112,784</u>	<u>1,049,586</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,297,666</u>	<u>\$ 1,234,468</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the School's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

NOTE C - FOOD DONATION PROGRAM

The School reports commodities consumed on the Schedule at the fair value. The School allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

We have audited the basic financial statements of the Sciotoville Community School, Scioto County, Ohio (the School), as of and for the year ended June 30, 2010, and have issued our report thereon dated May 9, 2011. 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*.

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 opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated May 9, 2011.

We intend this report solely for the information and use of management, the Board of Directors, the School's Sponsor, and federal awarding agencies and pass-through entities and others within the School. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

May 9, 2011



Dave Yost • Auditor of State

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

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

Compliance

We have audited the compliance of the Sciotoville Community School, Scioto County, Ohio (the School), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School'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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Government's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings lists this instance as Finding 2010-01.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings as item 2010-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School's response to the finding we identified is described in the accompanying Schedule of Findings. We did not audit the School's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Directors, the Community School's Sponsor, others within the School, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

May 9, 2011

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I, Part A, Cluster Grants to Local Educational Agencies – CFDA # 84.010 & #84.389 Charter Schools – CFDA # 84.282
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2010-01
CFDA Title and Number	Title I Grants to Local Educational Agencies, #84.010; ARRA- Title I Grants to Local Educational Agencies, #84.389; Charter Schools, #84.282
Federal Award Number / Year	2009/2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding and Significant Deficiency

OMB Circular Number A-133, Subpart C, §.300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, OMB Circular Number A-133, Subpart B §.200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, §.300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the year end).

Although an annual federal single audit for the year ended June 30, 2010 was performed, it was not submitted to the Single Audit Clearinghouse before the deadline of March 31, 2011.

We recommend the School submit the annual financial report to the Single Audit Clearinghouse within nine months of the fiscal year end.

Officials' Response:

The fiscal year 2010 audit was tardy due in part to this being the Treasurer's first audit and switching to a new system mid-year. This caused the School to work longer to obtain the information that was needed and it was harder to gather all the requirements.

In the future, the School will be sure that this requirement is met by gathering as much information prior to the auditor's arrival as possible.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
JUNE 30, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-01	In the future, the School will be sure that this requirement is met by gathering as much information prior to the auditor's arrival as possible.	FY 2011	Kelli Hunter, Treasurer

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SCIOTOVILLE COMMUNITY SCHOOL

SCIOTO 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
MAY 26, 2011**