



Dave Yost • Auditor of State

**DAYTON LEADERSHIP ACADEMY – DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Statement of Net Position – June 30, 2014	7
Statement of Revenues, Expenses and Change in Net Position For the Fiscal Year Ended June 30, 2014	8
Statement of Cash Flows For the Fiscal Year Ended June 30, 2014	9
Notes to the Basic Financial Statements	11
Schedule of Federal Awards Receipts and Expenditures For the Fiscal Year Ended June 30, 2014	21
Notes to the Schedule of Federal Awards Receipts and Expenditures	22
Independent Auditor's Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	25
Schedule of Findings.....	29
Schedule of Prior Audit Findings.....	33
Corrective Action Plan.....	34
Independent Accountant's Report on Applying Agreed-Upon Procedure	35

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Dayton Leadership Academies – Dayton View Campus
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Dayton Leadership Academies – Dayton View Campus, Montgomery County, Ohio (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dayton Leadership Academies – Dayton View Campus, Montgomery County, Ohio as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the School's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as 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 financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2015, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schedule's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2015

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The discussion and analysis of the Dayton Leadership Academies-Dayton View Campus's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2014. 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 enhance their understanding of the School's financial performance.

Financial Highlights

- In total, net position decreased \$77,939 from fiscal year 2013 as the School's salary expenses increased significantly over last year.
- Federal and state grants increased \$193,959 from fiscal year 2013 due to increased grant funding.
- State foundation monies increased by \$332,342 as enrollment increased from 383 in fiscal year 2013 to 426 for fiscal year 2014.

Using this Financial Report

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

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the School did financially during fiscal year 2014. These statements include all assets and liabilities using the full accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

Table 1 provides a summary of the School's net position for fiscal year 2014 and fiscal year 2013:

(Table 1)			
Net Position			
	2014	2013	Change
Assets:			
Current Assets	\$1,673,211	\$1,751,654	(\$78,443)
Depreciable Capital Assets, Net	161,621	131,190	30,431
Total Assets	1,834,832	1,882,844	(48,012)
Liabilities:			
Current Liabilities	249,522	219,595	29,927
Total Liabilities	249,522	219,595	29,927
Net Position:			
Net Investment in Capital Assets	161,621	131,190	30,431
Restricted	45,591		45,591
Unrestricted	1,378,098	1,532,059	(153,961)
Total Net Position	\$1,585,310	\$1,663,249	(\$77,939)

Total net position decreased \$77,939, mainly from increased staff positions resulting in the salary expense increasing by 46% from fiscal year 2013. Net capital assets increased \$30,431 as the additions during the year exceeded depreciation of \$30,112.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

Table 2 shows the changes in net position for fiscal year 2014 and fiscal year 2013.

**(Table 2)
Change in Net Position**

	2014	2013	Change
Operating Revenues:			
Sales	\$9,803	\$4,799	\$5,004
State Foundation	3,192,774	2,860,432	332,342
Miscellaneous	53,631	140,647	(87,016)
Total Operating Revenues	<u>3,256,208</u>	<u>3,005,878</u>	<u>250,330</u>
Non-Operating Revenues:			
Federal and State Grants	1,038,549	844,590	193,959
Gifts and Donations		450	(450)
Total Non-Operating Revenues	<u>1,038,549</u>	<u>845,040</u>	<u>193,509</u>
Total Revenues	<u>4,294,757</u>	<u>3,850,918</u>	<u>443,839</u>
Operating Expenses:			
Salaries	2,225,215	1,515,884	709,331
Fringe Benefits	549,596	867,509	(317,913)
Purchased Services	1,333,010	324,350	1,008,660
Materials and Supplies	140,250	57,587	82,663
Depreciation	30,112	3,172	26,940
Other Expenses	94,513	30,987	63,526
Total Expenses	<u>4,372,696</u>	<u>2,799,489</u>	<u>1,573,207</u>
Change in Net Position	<u>(77,939)</u>	<u>1,051,429</u>	<u>(1,129,368)</u>
Net Position Beginning of Year	<u>1,663,249</u>	<u>611,820</u>	<u>1,051,429</u>
Net Position End of Year	<u>\$1,585,310</u>	<u>\$1,663,249</u>	<u>(\$77,939)</u>

There was an increase in revenues of \$443,839 and a significant increase in expenses of \$1,573,207 from fiscal year 2013. Community schools receive no support from tax revenues and rely on funding through the state foundation program and federal grants. Revenues increased due to an 11% increase in funded enrollment and additional grant funding. The salaries expense increased 46% as the School was no longer working with Edison during fiscal year 2014. The School increased the staff from less than twenty to over forty between the fiscal years. Fringe benefits decreased 37% as better estimates were in place for retirement and adjustments were made to insurance and workers' compensation costs. The purchase services increased 311% as the School saw services such as speech pathology, building services and paid for transportation increase with additional students. Within purchased services, the School also realized a significant increase in food service costs above fiscal year 2013 expenses.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

Capital Assets

	<u>Balance 6/30/14</u>
Capital Assets, Being Depreciated:	
Building & Building Improvements	\$36,446
Furniture and Equipment	158,459
Less Accumulated Depreciation:	
Building & Building Improvements	(1,611)
Furniture and Equipment	<u>(31,673)</u>
Governmental Activities Capital Assets, Net	<u>\$161,621</u>

At the end of fiscal year 2014 the School had \$161,621 (net of accumulated depreciation) invested in buildings, building improvements and furniture & equipment. For more information on capital assets see Note 5 to the basic financial statements.

Debt

The School has no debt at June 30, 2014.

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 Tammy Emrick, Treasurer at Dayton Leadership Academies-Dayton View Campus, 1416 West Riverview Avenue, Dayton, Ohio 45407, or e-mail at temrickcpa@gmail.com.

This page intentionally left blank.

**DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2014**

Assets:

Current assets:

Cash and cash equivalents	\$1,518,363
Segregated cash	5,028
Accounts receivable	974
Intergovernmental receivable	148,846
Total current assets	<u>1,673,211</u>

Non-current assets:

Depreciable Capital assets	161,621
Total non-current assets	<u>161,621</u>

Total Assets	<u>1,834,832</u>
--------------	------------------

Liabilities:

Current liabilities

Accounts payable	80,548
Accrued wages and benefits payable	142,658
Intergovernmental payable	26,316
Total Liabilities	<u>249,522</u>

Net Position:

Net investment in capital assets	161,621
Restricted	45,591
Unrestricted	1,378,098
Total Net Position	<u>\$1,585,310</u>

See accompanying notes to the basic financial statements.

**DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Operating Revenues:	
Foundation payments	\$3,192,774
Sales	9,803
Other operating revenues	53,631
Total operating revenues	<u>3,256,208</u>
Operating Expenses:	
Salaries	2,225,215
Fringe benefits	549,596
Purchased services	1,333,010
Materials and supplies	140,250
Depreciation	30,112
Other operating expenses	94,513
Total operating expenses	<u>4,372,696</u>
Operating Income	<u>(1,116,488)</u>
Non-Operating Revenues:	
Federal and state grants	1,038,549
Total non-operating revenues	<u>1,038,549</u>
Change in net position:	(77,939)
Net position at beginning of year	1,663,249
Net position at end of year	<u>\$1,585,310</u>

See accompanying notes to the basic financial statements.

**DAYTON LEADERSHIP ACADEMIES - DAYTON VIEW
MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$3,192,774
Cash received from Sales	9,803
Cash received from other operating revenues	97,540
Cash payments for personal services	(2,695,811)
Cash payments for contract services	(1,445,602)
Cash payments for supplies and materials	(80,660)
Cash payments for other expenses	(95,612)
Net cash used for operating activities	<u>(1,017,568)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	1,163,353
HRA account balance	5,028
Net cash provided by noncapital financing activities	<u>1,168,381</u>

Cash flows from capital and related financing activities:

Acquisition of Capital Assets	<u>(60,543)</u>
Net cash used by capital and related financing activities	<u>(60,543)</u>

Net change in cash and cash equivalents	90,270
Cash and Cash Equivalents at beginning of year	<u>1,433,121</u>
Cash and Cash Equivalents at end of year	<u><u>1,523,391</u></u>

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

Operating loss	(1,116,488)
Adjustments to reconcile operating loss to net cash used for operating activities:	
HRA account balance	(5,028)
Depreciation	30,112
Change in assets and liabilities:	
Decrease in accounts receivable	43,909
Decrease in accounts payable	(51,052)
Increase in accrued wages and benefits	57,712
Increase in intergovernmental payable	23,267
	<u>23,267</u>

Net cash used for operating activities	<u><u>(\$1,017,568)</u></u>
--	-----------------------------

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Alliance Community School, Inc. "Doing Business As" Dayton Leadership Academies-Dayton View Campus (the "School"), formally known as Dayton View Academy School, is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational literary, scientific, and related teaching service. Specifically, the School's purpose is to be a charter school serving children from kindergarten through grade eight. The School, which is part of the state's education program, is to operate or arrange for the operation of schools in the Dayton, Ohio area. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. On October 5, 2009 the School officially changed its name from Dayton View Academy School to Dayton Leadership Academies-Dayton View Campus.

The School qualifies as an exempt organization under Section 501C(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax-exempt status.

The creation of the School was initially proposed to the Ohio State Board of Education, the sponsor, by the Board of Trustees of Alliance Community Schools, Inc. (the "Board") on November 9, 1998. The Ohio State Board of Education approved the proposal and entered into a contract with the Board, which provided for the commencement of School operations beginning with the 2001 academic year and terminated upon conclusion of fiscal year 2005.

The contract with the Ohio State Board of Education was not renewed and the School entered a sponsor contract with the Thomas B. Fordham Foundation for the period July 1, 2005 through June 30, 2010. The School renewed the sponsor contract with the Thomas B. Fordham Foundation for the period of July 1, 2010 through June 30, 2011. The sponsor contract was renewed for the period of July 1, 2011 through June 30, 2013. The sponsor contract was renewed for the period of July 1, 2013 through June 30, 2015.

The School operates under a five member Board of Trustees. This Board of Trustees exercises its authority by appointing a separate Board of Governance for the School. The Board of Trustees is responsible for carrying out the provisions of the sponsor 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 School is associated with the Metropolitan Dayton Educational Cooperative Association, which is defined as a jointly governed organization. It is a computer consortium of area schools sharing computer resources. (See Note 14)

Alliance Community Schools, Inc. has several divisions. These divisions operate under the names of Dayton Leadership Academies-Dayton Liberty Campus, and Dayton Leadership Academies-Dayton View Campus.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation

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

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

Enterprise fund reporting focuses on the determination of the change in net position, financial positions 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.

B. Measurement Focus

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

C. Basis of Accounting

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

D. Revenues – Exchange and Non-Exchange Transactions

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

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

E. Expenses

Expenses are recognized at the time they are incurred.

F. Equity in Pooled Cash

The School maintains a checking account. All funds of the School are maintained in this account. This account is presented on the Statement of Net Position as "Cash and Cash Equivalents". The School had no investments during fiscal year 2014.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) 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.

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.

Capital assets 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>
Buildings	50 years
Building Improvements	25 years
Furniture and Equipment	5 years

H. Operating Revenues and Expenses

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

I. Intergovernmental Revenues

The School currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. 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 remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

J. 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.

K. 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.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The School had restricted net position of \$45,591 as of June 30, 2014.

3. DEPOSITS AND INVESTMENTS

Articles of Incorporation, Article VI, states that the assets of the School may be invested in obligations issued or guaranteed by the United States of America or any agency thereof, obligations of state governments and municipal corporations, real estate mortgage, savings deposits, corporate bonds, and notes and carefully selected preferred stocks.

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 collateralized securities that are in the possession of an outside party. At fiscal year end, \$1,389,195 of the School's bank balance of \$1,639,195 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution. At June 30, 2014, the carrying amount of the School's deposits was \$1,523,391.

The School has no policy for custodial credit risk for deposits.

The School held no investments during fiscal year 2014.

4. RECEIVABLES

Receivables at June 30, 2014, consisted of intergovernmental (Federal and State grants). All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Food Service Subsidy	\$68,454
Title VI-B Grant	\$5,415
School Improvement Grant	\$2,000
Title I Grant	54,332
Title II-A Grant	6,000
Race To The Top Grant	2,100
Casino Revenue	10,545
Total Intergovernmental Receivable	<u>\$148,846</u>

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014 was as follows:

	Balance 6/30/13	Additions	Deductions	Balance 6/30/14
Capital Assets, Being Depreciated:				
Building	\$12,959	\$23,487		\$36,446
Furniture and Equipment	121,403	37,056		158,459
Less Accumulated Depreciation:				
Building	(518)	(1,093)		(1,611)
Furniture and Equipment	(2,654)	(29,019)		(31,673)
Governmental Activities Capital Assets, Net	<u>\$131,190</u>	<u>\$30,431</u>	<u>\$0</u>	<u>\$161,621</u>

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2014, the School carried insurance purchased through School Insurance Consultants for general liability, business personal property, employee dishonesty, excess liability, automobile liability, educators legal liability, employment practices liability, and directors and officers liability insurance.

The general liability provides \$1,000,000 per occurrence and \$2,000,000 in the aggregate with no deductible. The employee's benefits liability provides \$1,000,000 per claim and \$3,000,000 in the aggregate with a \$1,000 deductible. The automobile liability provides \$1,000,000 per occurrence with no deductible. The property insurance provides \$1,836,120 for business personal property and carries a \$500 deductible. The Ohio employers' liability provides \$1,000,000 for each employee and \$1,000 in the aggregate. The employment practices liability insurance provides a \$1,000,000 limit per claim with a \$5,000 deductible. The directors & officers liability insurance provides a \$1,000,000 limit per claim with a \$5,000 deductible. Excess liability is provided at a \$5,000,000 limit with \$5,000,000 in the aggregate. There has been no reduction in coverage from the prior year and settled claims have not exceeded the School's coverage in any of the past three years.

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The Alliance Community Schools, Inc. contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plans. 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 contacting School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll free 1-800-878-5853. It is also posted at the SERS' website at www.ohsers.org under Employer/ Audit Resources.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

7. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and 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 by the SERS' Retirement Board 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 and Health Care Fund.) of the System. For the fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were approximately \$77,104, \$44,556, and \$162,252, respectively; 100% has been contributed for 2014, 2013 and 2012 fiscal years.

B. State Teachers Retirement System of Ohio

Plan Description – The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is 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, which may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 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 member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members may transfer to a different STRS Ohio retirement plan during their fifth year of membership. Eligible members who do not make a choice during the reselection period will permanently remain in their current plan.

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

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

7. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – For the fiscal year ended June 30, 2014, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2013, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations for the fiscal years ended June 30, 2014, 2013, and 2012 were approximately \$157,670, \$191,634, and \$219,538, respectively; 100% has been contributed for 2014, 2013 and 2012 fiscal years.

8. POST-EMPLOYMENT BENEFITS

A. State Teachers Retirement System

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 post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$12,128, \$22,455, and \$16,874, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

B. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined pension plan the School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B

Medicare B plan reimburses Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits 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 premium or the current premium. The Medicare Part B premium for calendar year 2014 was \$99.90 for most participants, but could go as high as \$319.70 per month depending on their income. SERS' reimbursement for retirees was \$45.50.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

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 2014, the actuarial required allocation is 0.76 percent of the School's contributions for the years ended June 30, 2014, 2013, and 2012 were \$4,473, \$2,631, and \$9,582, respectively, 100 percent for fiscal years 2014, 2013 and 2012.

Health Care Plan

ORC 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 HMO's, PPO's, 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.

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105I. 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, 2014, the health care allocation is 0.14 percent. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides 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 the fiscal year June 30, 2014, the minimum compensation level was established at \$20,250. 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 year ended June 30, 2014, 2013 and 2012, was \$824, \$18,944 and \$24,041, respectively, 100 percent for fiscal years 2014, 2013 and 2012.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' website www.ohsers.org under Employers/Audit Resources.

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. EMPLOYEE BENEFITS

The School District has elected to provide employee medical benefits through Anthem. The employees share the cost of the monthly premium with the Board of Education. The percentage varies depending upon the plan elected by the employee. The School District also provides life insurance through Lincoln National Life Insurance.

10. RELATED PARTY TRANSACTIONS

A. Alliance Edison, LLC (AE)

The School leases its facilities and land from Alliance Edison, LLC (AE). The lease expense for the year ended June 30, 2014 was \$29,660. AE's sole purpose is to acquire and hold title to, maintain and develop certain real estate properties for the exclusive support and benefit of a system of educational organizations. (See Note 11)

B. Board of Governance

Although no transactions occurred between Dayton Leadership Academies-Dayton View Campus and Dayton Leadership Academies-Dayton Liberty Campus, both schools share the same Board of Governance.

C. Thomas B. Fordham Foundation

The School contract requires two percent of all funds received from State foundation revenues to be transferred to the Thomas B. Fordham Foundation for sponsorship fees. Total payments made during the period ended June 30, 2014 were \$62,304

11. LEASES

The School subleases a building and 5.8494 acres through Alliance Edison (AE). (See note 10A). AE leases the land from the Dayton Metropolitan Housing Authority (DMHA). The term of the lease commenced on July 1, 2009 through June 30, 2014. The School renewed the lease for an additional six months. The School agreed to pay AE, as rent for the land, an amount equal to the land lease owed to the DMHA; plus an amount equal to the debt service relating to any financing obtained; plus loan closing costs, ongoing loan administration costs associated with any financing secured by the premises, including but not limited to, costs associated with satisfying the financial reporting and periodic appraisal requirements; plus out of pocket expenses incurred by AE. Rent paid for the land and building for the fiscal year ended June 30, 2014 was \$29,660.

12. CONTINGENCIES

A. Grants

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

**DAYTON LEADERSHIP ACADEMIES-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. CONTINGENCIES (Continued)

B. 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.

13. PURCHASED SERVICES

For the fiscal year ended June 30, 2014, purchased services expenses for services rendered by various vendors were as follows:

Professional and technical services	\$435,496
Property Services	206,196
Travel and meetings	19,017
Communications	24,005
Utilities	225,877
Food Service	294,624
Transportation	110,537
Other	17,259
	<u>\$1,333,010</u>

14. JOINTLY GOVERNED ORGANIZATION

Metropolitan Dayton Educational Cooperative Association – The School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School made a total of \$1,339 in payments to MDECA for fiscal and EMIS services provided during the fiscal year. Financial information can be obtained from Dean Reinke, who serves as executive director, at 225 Linwood Street, Dayton, Ohio 45405.

**DAYTON LEADERSHIP ACADEMY - DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE				
<i>Passed through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program		10.553	\$90,528	\$90,528
National School Lunch Program		10.555	170,089	170,089
Total Child Nutrition Cluster			<u>260,617</u>	<u>260,617</u>
Fresh Fruit and Vegetable Program:				
Fresh Fruit and Vegetable	2014	10.582	4,184	2,915
Fresh Fruit and Vegetable	2013	10.582		2,145
Total Fruit and Vegetable Program Total			<u>4,184</u>	<u>5,060</u>
Total United States Department of Agriculture			264,801	265,677
UNITED STATES DEPARTMENT OF EDUCATION				
<i>Passed through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	2014	84.010	323,970	332,163
Title I Grants to Local Educational Agencies	2013	84.010	144,443	21,516
School Improvement Sub A	2014	84.010	53,391	52,541
School Improvement Sub A	2013	84.010	24,795	95
Total Title I Grants to Local Educational Agencies			<u>546,599</u>	<u>406,315</u>
Special Education Grant	2014	84.027	72,652	70,076
Special Education Grant	2013	84.027	(14,956)	3,408
Total Special Education Grants			<u>57,696</u>	<u>73,484</u>
Improving Teacher Quality State Grants	2014	84.367	75,479	75,011
Improving Teacher Quality State Grants	2013	84.367	7,373	7,797
Total Improving Teacher Quality State Grants			<u>82,852</u>	<u>82,808</u>
ARRA - Race to the Top Grants	2014	84.395	97,512	80,512
ARRA - Race to the Top Grants	2013	84.395	47,489	9,862
ARRA - Ohio Resident Educator	2014	84.395		2,100
ARRA - Ohio Resident Educator	2013	84.395	1,750	
			<u>146,751</u>	<u>92,474</u>
Total United States Department of Education			<u>833,898</u>	<u>655,081</u>
Total Federal Assistance			<u>\$1,098,699</u>	<u>\$920,758</u>

The notes to this schedule are an integral part of this schedule.

**DAYTON LEADERSHIP ACADEMY-DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Dayton Leadership Academy – Dayton View Campus (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 – MATCHING REQUIREMENTS

Certain Federal programs require the School to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE D – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amount from the 2013 to the 2014 program:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2013 to 2014</u>
Special Education – Grants to States	84.027	\$14,956



Dave Yost • Auditor of State

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

Dayton Leadership Academies – Dayton View Campus
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Dayton Leadership Academies – Dayton View Campus, Montgomery County, (the School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated February 23, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School’s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Dayton Leadership Academies – Dayton View Campus
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Dayton Leadership Academies – Dayton View Campus's (the School) compliance with the applicable 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 Dayton Leadership Academies – Dayton View Campus's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the School's major federal programs.

Management's Responsibility

The School's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School's compliance for each of the School's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School's major programs. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the Dayton Leadership Academies – Dayton View Campus complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. These findings did not require us to modify our compliance opinion on each major federal program.

The School's responses to our noncompliance findings are described in the accompanying corrective action plan. We did not audit the School's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable 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.

Our consideration of 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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies, described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002.

The School's responses to the internal control over compliance findings we identified are described in the accompanying corrective action plan. We did not audit the School's responses and, accordingly, we express no opinion on them.

Dayton Leadership Academies – Dayton View Campus
Montgomery County
Independent Auditor's Report On Compliance With Requirements
Applicable To Each Major Federal Program And On Internal Control
Over Compliance Required By Omb Circular A-133
Page 3

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2015

This page intentionally left blank.

**DAYTON LEADERSHIP ACADEMIES – DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: National School Breakfast Program (CFDA #10.553) National School Lunch Program (CFDA #10.555) Title I (CFDA #84.010)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2014-001

Noncompliance/Significant Deficiency – Level of Effort

Finding Number	2014-001
CFDA Title and Number	CFDA #84.010: Title I-Grants to States
Federal Award Number / Year	2014
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Section 9521 of ESEA (20 USC 7901) and 34 CFR section 299.5 states that an LEA receiving funds under an applicable program listed in paragraph (b) of this section may receive its full allocation of funds only if the SEA finds that either the combined fiscal effort per student or the aggregate expenditures of State and local funds with respect to the provision of free public education in the LEA for the preceding fiscal year was not less than 90 percent of the combined fiscal effort per student or the aggregate expenditures for the second preceding fiscal year.

ODE Education Management Information System (EMIS) Manual, Chapters 1, 2, 4 and Appendix I require LEAs to report the annual average daily membership per student for Period N (Year End). ODE Reporting School District Revenue and Spending Per Pupil Handbook (aka: Expenditure Flow Model Handbook) requires LEAs to report District- and Building-level financial data for aggregate “general expenditures” using the Expenditure Flow Model for Period H.

Contrary to the above requirements, the Academy reported its average daily membership in EMIS of 483.3 students while the Expenditure Flow Model used 517.44 students to calculate the per student expenditures. The variance may be the result of the EMIS system accurately reporting 188 school days and the Secure Data Center reporting 189 school days. The District was unable to provide documentation as to the reason for the variances. These differences made it difficult to determine if the District met the level of effort requirements of the Title I federal program. Failure to meet the level of expenditure requirements may result in loss of funding for the Academy.

We recommend that the Academy retain all documentation and any variances be explained.

Officials’ Response: See Corrective Action Plan on page 34.

FINDING NUMBER 2014-002

Questioned Cost/Significant Deficiency – Allowable Costs/Cost Principles

Finding Number	2014-002
CFDA Title and Number	CFDA #84.010 – Title I-Grants to States
Federal Award Number / Year	2014
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

FINDING NUMBER 2014-002
(Continued)

2 C.F.R. Part 225, Appendix B(8)(h) Support of salaries and wages states:

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
- (3) Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in 2 C.F.R. Part 225, Appendix B 8.h.(5) of this appendix (below) or other substitute system has been approved by the cognizant federal agency. Such documentary support will be required where employees work on:
 - a. More than one Federal award
 - b. A Federal award and a non-Federal award
 - c. An indirect cost activity and a direct cost activity
 - d. Two or more indirect activities which are allocated using different allocation bases
 - e. An unallowable activity and a direct or indirect cost activity
- (4) Personnel activity reports or equivalent documentation must meet the following standards:
 - a. They must reflect an after-the-fact distribution of the actual activity of each employee
 - b. They must account for the total activity for which each employee is compensated
 - c. They must be prepared at least monthly and must coincide with one or more pay periods
 - d. They must be signed by the employee

Three employees submitted semi-annual time certificates certifying that they worked a percentage less than the percentage of their salary charged to the Title I fund. This resulted in a questioned cost of \$13,447 in the Title I program. A lack of accurate supporting documentation for charges to Federal funds could lead to a loss of Federal funding and a requirement to repay funds.

We recommend that the School establish time and effort certification procedures that conform to the time and effort reporting requirements detailed in 2 C.F.R. Part 225, Appendix B(8)(h) or the alternative time and effort documentation system approved by the Ohio Department of Education and review this documentation for accuracy and adherence to the required standards for time and effort documentation.

Officials' Response: See Corrective Action Plan on page 34.

This page intentionally left blank.

**DAYTON LEADERSHIP ACADEMIES – DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Finding for Recovery for overpayment for services	Yes	
2013-002	Inaccurate Net Position presented on financials	Yes	
2013-003	Section 951 of ESEA (20 USC 790) and 34 CFR section 299.5, Failure to meet the level of expenditure requirements for the Title I grant	No	Reissued as Finding 2014-001

**DAYTON LEADERSHIP ACADEMIES – DAYTON VIEW CAMPUS
MONTGOMERY COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	The school has implemented backup procedures in order to capture “snapshots” of enrollment data which will enable the staff to easily find older reports and information. Current staff is also in the process of being cross trained on the program used to report enrollment data, which is Infinite Campus. The Expenditure Flow Model is no longer being used by the Ohio Department of Education, which by design allowed for different enrollment numbers to be used in order to calculate expenditure per pupil. The new expenditure per pupil calculation will pull enrollment data directly from the Educational Management Information System	6/30/2014	Dr. T.J. Wallace, Executive Director and Tammy Emrick, Treasurer
2014-002	The school has implemented review procedures to make sure that the time and effort sheets match the percentages of time written into the grant.	6/30/2015	Dr. T.J. Wallace, Executive Director, Stacey Kirksey, Director of Curriculum and Tammy Emrick, Treasurer



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

Dayton Leadership Academy – Dayton View Campus
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45042

To the Board of Education:

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 Dayton Leadership Academy – Dayton View Campus 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. In our report dated March 10, 2014, we noted the Board adopted an anti-harassment policy by November 4, 2012. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not amended the 2012 policy. The policy lacks the following required by Ohio Rev. Code Section 3313.666.

- (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property, on a school bus, or at school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;

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 School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 23, 2015



Dave Yost • Auditor of State

DAYTON LEADERSHIP ACADEMIES – DAYTON VIEW CAMPUS

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
MARCH 17, 2015**