DOHN COMMUNITY HIGH SCHOOL

Basic Financial Statements

Year Ended June 30, 2009

with

Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

Board of Trustees
Dohn Community High School
608 E. McMillan Street
Cincinnati, Ohio 45206

We have reviewed the *Independent Auditors' Report* of Dohn Community High School, Hamilton County, prepared by Foxx & Company, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 29, 2010

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Dohn Community High School

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FOXX & CERTIFIED PUBLIC ACCOUNTANTS Company

INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees

We have audited the accompanying basic financial statements of the Dohn Community High School, Hamilton County, Ohio (the School), as of and for the years ended June 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with auditing principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2009 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Foxx & Company

Cincinnati, Ohio
December 29, 2009

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2009

The discussion and analysis of the Dohn Community High School, Hamilton County, Ohio (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2009. The intent of this discussion and analysis is to look at the Schools financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- For fiscal year 2009 assets exceeded liabilities by $1,391,981.
- The School derived 95 percent of their revenues through federal and state programs.
- Salaries and wages accounted for 47 percent of the $921,271 in operating expenses for fiscal year 2009.
- The school was able to increase the cash balance by $59,201 from fiscal year 2008.

Using this Annual Financial Report and Overview of Financial Statements

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

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

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

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

Table 1 provides a summary of the School's net assets for fiscal year 2009 compared to fiscal year 2008:

Table 1
Net Assets

	2009	2008	Change
Assets			
Current assets	$ 94,037	$ 39,800	$ 54,237
Capital Assets, net	1,751,755	1,828,757	(77,002)
Total assets	1,845,792	1,868,557	(22,765)
Liabilities			
Current Liabilities	453,811	246,184	207,627
Long term Liabilities	-	318,304	(318,304)
Total liabilities	453,811	564,488	(110,677)
Net Assets			
Invested in capital assets	1,417,720	1,449,006	(31,286)
Restricted	31,615	6,418	25,197
Unrestricted	(57,354)	(151,355)	94,001
Total net assets	$ 1,391,981	$ 1,304,069	$ 87,912

The School saw assets decrease with the depreciation on capital assets of $77,002. The School was able to generate additional revenue through the state foundation program to pay down debt and increase the cash balance from the prior year. The School continued towards reducing its debt load with over a seventeen percent reduction in the line of credit and construction loan.

Table 2 shows the changes in net assets for the year ended 2009 as compared to fiscal year 2008.

Table 2
Change in Net Assets

	2009	2008	Change
Revenues			
Operating revenues:			
Foundation payments	$ 753,738	$ 616,803	$ 136,935
Special education	98,468	32,809	65,659
Classroom fees	5,961	4,137	1,824
Other operating revenues	18,727	26,002	(7,275)
Non-operating revenues:			
Federal and state greants	126,632	221,601	(94,969)
Other non-operating revenues	24,000	-	24,000
Total revenues	1,027,526	901,352	126,174
Expenses			
Operating Expenses:			
Salaries	430,784	467,432	(36,648)
Fringe benefits	83,629	123,171	(39,542)
Purchased services	299,049	219,155	79,894
Materials and supplies	28,897	2,660	26,237
Depreciation	77,002	77,002	-
Other expenses	1,910	16,580	(14,670)
Non-operating expenses:			
Interest and fiscal charges	18,343	26,946	(8,603)
Total expenses	939,614	932,946	6,668
Changes in net assets	87,912	(31,594)	119,506
Beginninng nets assets	1,304,069	1,335,663	(31,594)
Ending net assets	$ 1,391,981	$ 1,304,069	$ 87,912

The School saw a significant increase in the revenues from 2008 to 2009 mainly to due to a $203,000 increase in the state foundation program revenue (Foundation Payment, Poverty Based Assistance and Special Education Funding). The School saw a significant increase in the revenues from 2008 to 2009 mainly to due to increase in the state foundation program revenue (Foundation Payment and Special Education Funding). The School was very focused on reallocating expenses between salaried employees and professional services to provide a greater flexibility for future changes in state foundation. The School also adjusted the benefits provided with slightly higher deductibles and change in staff that lowered the retirement portion the School pays.

Capital Assets

At the end of fiscal year 2009, the School had $1,751,755 (net of $489,487 in accumulated depreciation) invested in land, buildings, building improvements, furniture, and equipment. Table 3 shows fiscal year 2009 balances compared to fiscal year 2008:

Capital Asset at Year End
(Net of Depreciation)

	2009	2008	Change
Land	$ 19,000	$ 19,000	$ -
Buildings & improvements	1,726,007	1,796,262	(70,255)
Furniture, fixtures, and equipment	6,748	13,495	(6,747)
Totals	$ 1,751,755	$ 1,828,757	$ (77,002)

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

Debt

At June 30, 2009, the School had one line of credit with National City Bank totaling $40,701 and a construction loan that totaled $315,035. The School was able to retire the other line of credit that was outstanding during fiscal year 2008. For more information on the School's debt refer to Note 6 of the notes to the financial statements.

Current Financial Issues

The School now has a finance professional on staff which will aid in the improvements in the quality of financial records and strengthens internal controls. During the 2009 school year, the

School hired a consultant and there were 111 students enrolled in the School. The School receives its finances mostly from state aid. Per pupil aid for fiscal year 2009 amounted to $7,678 per student.

Contacting the School's Financial Management

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

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF NET ASSETS
As of June 30, 2009

ASSETS		
Current assets		
Cash and cash equivalents	$	91,475
Accounts receivable		2,000
Intergovernmental receivable		562
Total current assets		94,037
Noncurrent assets		
Land		19,000
Capital assets, net		1,732,755
Total non-current assets		1,751,755
Total assets		1,845,792
LIABILITIES		
Current liabilities		
Accounts payable		18,450
Accrued wages and benefits payable		65,813
Intergovernmental payable		13,812
Line of credit payable		40,701
Current portion of long term debt		315,035
Total current liabilities		453,811
Total liabilities		453,811
NET ASSETS		
Investment in capital assets, net of related debt		1,417,720
Restricted		31,615
Unrestricted		(57,354)
Total net assets	$	1,391,981

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

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
for the Fiscal Year Ended June 30, 2009

Operating revenues	
Foundation payments	$ 753,738
Special education	98,468
Classroom fees	5,961
Charges for services	1,001
Other operating revenues	17,726
Total operating revenues	876,894
Operating expenses	
Salaries	430,784
Fringe benefits	83,629
Purchased services	299,049
Materials and supplies	28,897
Depreciation	77,002
Other operating expenses	1,910
Total operating expenses	921,271
Operating loss	(44,377)
Non-Operating revenues and expenses	
Federal grants	120,632
State grants	6,000
Other non-operating revenues	24,000
Interest and fiscal charges	(18,343)
Total non-operating revenues and (expenses)	132,289
Change in net assets	87,912
Net assets at beginning of year	1,304,069
Net assets at end of year	$ 1,391,981

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

DOHN COMMUNITY HIGH SCHOOL
HAMILTON, OHIO
STATEMENT OF CASH FLOWS
for the Fiscal Year Ended June 30, 2009

Increase (Decrease) in cash and cash equivalents	
Cash flows from operating activities	
Cash received from State of Ohio - Foundation	$ 852,206
Cash received from classroom materials and fees	6,121
Cash received from other operating revenues	13,632
Cash payments for personal services	(508,792)
Cash payments for contract services	(331,371)
Cash payments for supplies and materials	(31,808)
Cash payments for other expenses	(4,410)
Net cash used for operating activities	(4,422)
Cash flows from noncapital financing activities	
Cash received from state and federal grants	133,436
Cash received from annex lease	22,000
Principal paid on debt obligations	(18,092)
Net cash provided by noncapital financing activities	137,344
Cash flows from capital and related financing activities	
Principal paid on debt obligations	(55,378)
Interest paid on debt obligations	(18,343)
Net cash used for capital and related financing activities	(73,721)
Net increase in cash and cash equivalents	59,201
Cash and cash equivalents at beginning of year	32,274
Cash and cash equivalents at end of year	$ 91,475

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

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF CASH FLOWS
for the fiscal year ended June 30, 2009
(Continued)

Reconciliation of operating loss to net cash used for operating sctivities		
Operating loss	$	(44,377)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation		77,002
Changes in assets and liabilities:		
Decrease in accounts receivable		160
Decrease in accounts payable		(26,940)
Increase in accrued wages payable		4,988
Decrease in intergovernmental payable		(15,255)
Total adjustments		39,955
Net cash used for operating activities	$	(4,422)

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

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Year Ending June 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY

Dohn Community High School (the School) is a nonprofit corporation established pursuant to Ohio Revised Code, Chapters 3314 and 1702, to address the needs of students in grades nine through twelve who have been impacted by substance abuse. The School qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax-exempt status. The School's program includes a curriculum that provides academic credit coupled with substance abuse intervention. The target population of at-risk youth is those who have a problem with alcohol or other drugs, as well as those who have lived with a substance abusing relative or guardian. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract for continuing Ohio charter schools with Kids Count of Dayton, Inc. (the Sponsor) for a period of three years commencing as of May 1, 2006. The School is currently operating under a restated contract that is effective for the period June 15, 2009 to June 30, 2012. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus

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

C. Budgetary Process

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

D. Cash and Investments

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

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Capital Assets and Depreciation

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

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

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

Description	Estimated Lives
Building and Improvements	30
Furniture and Equipment	3

F. Intergovernmental Revenues

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

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the year ended June 30, 2009 totaled $978,838.

G. Net Assets

Net assets represent the difference between assets and liabilities. Invested in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets of the School at year-end represent unspent Federal and state grant resources for specific instruction programs. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Estimates

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

I. Operating Revenues and Expenses

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

3. DEPOSITS AND INVESTMENTS

At June 30, 2009, the carrying amount of the School's deposits was $91,475 and the bank balance was $94,216. The entire bank balance was covered by the Federal Depository Insurance Corporation (FDIC).

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

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

4. RECEIVABLES

Receivables at June 30, 2009 consist of accounts and intergovernmental receivables arising from lease agreement, grants, entitlements, and shared revenues. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

Receivables	Amount
Annex Lease Agreement	$ 2,000
Federal Lunch Subsidy Grant	562
Total	$ 2,562

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009:

	Balance 6/30/2009	**Additions**	**Deductions**	**Balance 6/30/2009**
Capital assets not being depreciated				
Land	$ 19,000	$ -	$ -	$ 19,000
Capital assets being depreciated				
Buildings & improvements	2,107,662	-	-	2,107,662
Furniture, fixtures, and equipment	114,580	-	-	114,580
Total capital assets being depreciated	2,222,242	-	-	2,222,242
Less accumulated depreciation:				
Buildings	(311,400)	(70,255)	-	(381,655)
Furniture, fixtures, and equipment	(101,085)	(6,747)	-	(107,832)
Total accumulated depreciation	(412,485)	(77,002)	-	(489,487)
Total capital assets being depreciated, net	1,809,757	(77,002)	-	1,732,755
Total capital assets, net of accumulated depreciation	$ 1,828,757	$ (77,002)	$ -	$ 1,751,755

6. DEBT

The line of credit from National City Bank was issued on June 29, 2005, in the amount of $50,000, and is due on demand. The interest on this promissory note is variable and is secured by a third mortgage on the School's premises. The principal paid toward the second line of credit was $8,754, leaving a balance outstanding of $40,701 as of June 30, 2009.

Long-term debt outstanding for the School as of June 30, 2009 was as follows:

Description	Balance 06/30/08	Additions	Deletions	Balance 06/30/09
Mortgage	$ 370,413	$ -	$ 55,378	$ 315,035
Total	$ 370,413	$ -	$ 55,378	$ 315,035

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

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	$ 315,035	$ 46,807	$ 361,842

7. RISK MANAGEMENT

A. Insurance Coverage

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended June 30, 2009, the School contracted with Philadelphia Insurance for property and general liability insurance. There is a $1,000 deductible with a one hundred percent blanket, all risk policy.

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

There were no claims against this commercial coverage in excess of the insurance coverage in any of the past three (3) years. There has been no significant change in insurance coverage from the prior year.

B. Workers' Compensation

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

C. Employee Medical, Dental and Life Benefits

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

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $5,598, $11,472, and $8,884 respectively; 94 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, the member contributions are allocated by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a onetime irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2009, 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 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were $45,696, $45,357, and $44,927 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

9. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.25 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 2009, this amount was $0.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $2,617, $5,235, and $2,672 respectively; 94 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 66 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal year ended June 30, 2009 (2008 was the first year requiring disclosure) was $406 and $827; 94 percent has been contributed for fiscal year 2009 with 100 percent for fiscal year 2008.

B. State Teachers Retirement System

The School contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School , contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $3,515, $3,489, and $3,456 respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

10. OTHER EMPLOYEE BENEFITS

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

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

11. RESTRICTED NET ASSETS

At June 30, 2009 the School reported net assets totaling $31,615. The nature of the net assets restrictions are as follows:

School restricted budget reserve	$	20,000
Federal specific educational program grants		11,615
Total	$	31,615

12. CONTINGENCIES

Grants

The School receives financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School at June 30, 2009.

13. PURCHASED SERVICES

For the period July 1, 2008 through June 30, 2009, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	$ 228,357
Property services	13,712
Communications	251
Utilities	42,368
Other	14,361
Total purchased services	$ 299,049

14. SUBSEQUENT EVENTS

On August 24, 2009, the ending date on the contract with the Sponsor, Kids Count of Dayton, was changed to June 30, 2011.

On October 16, 2009, the School refinanced its mortgage with National City Bank, in the amount of $299,211 under a new promissory note with National City Bank. Interest, at variable rates based on the lender’s prime rate plus .50 percentage points, and $4,905 in principal are due monthly over 51 months beginning November 15, 2009. The collateral for the promissory note includes the School’s primary building for school operations.

Foxx & Company
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the Dohn Community High School (School), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

<u>Internal Control Over Financial Reporting</u>

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

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

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

We consider the deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting. The significant deficiencies are reported as findings 2009-001 through 2009-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we believe findings 2009-001 and 2009-002 are also material weaknesses.

We noted certain matters that we reported to School's management in a separate letter dated December 29, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Fox & Company

Cincinnati, Ohio
December 29, 2009

DOHN COMMUNITY HIGH SCHOOL
SCHEDULE OF FINDINGS
For the period ending June 30, 2009

Finding Number	2009-001

Material Weakness – Inadequate internal controls related to clearing reconciling items noted in bank reconciliations.

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

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

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

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

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

Views of responsible officials and planned corrective actions

The Treasurer performs monthly reconciliations. Based upon the Treasurer's reconciliations some of the reconciling items have been cleared. The Treasurer plans to have the remaining reconciling items resolved by the end of the Fiscal Year 2010.

Auditors' Evaluation of Comments

While the planned corrective actions noted above should resolve the 2009 unreconciled differences, it is important that a process be developed to ensure future reconciling items are timely cleared. Based upon final review of the School's bank reconciliations, no additional support was provided for any reconciling items identified during audit fieldwork.

DOHN COMMUNITY HIGH SCHOOL
SCHEDULE OF FINDINGS
For the period ending June 30, 2009

Finding Number	2009-002

Material Weakness – Accounting for the imprest payroll account should be strengthened.

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

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

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

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

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

Views of responsible officials and planned corrective actions

We are aware of the deficiencies in the accounting for the payroll account and we have made efforts to correct this situation during Fiscal Year 2009. We will continue to reconcile this account in the future and we expect all reconciliations related to the payroll account will be complete by the end of Fiscal Year 2010.

Auditors' Evaluation of Comment

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

DOHN COMMUNITY HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2009

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Or Finding No Longer Valid; Explain:
2008-001	Inadequate internal control related to clearing reconciling items noted in bank reconciliation.	No	Not Corrected, Issues continued in finding number 2009-001
2008-002	Accounting for the payroll imprest account should be strengthened	No	Not Corrected, Issues continued in finding number 2009-002
2008-003	Cash disbursements are not always supported by approved purchase orders or were not properly approved in advance of disbursement.	Yes	
2008-004	Payroll process and Related disbursements	Yes	
2008-005	Noncompliance with Ohio Revised Code 5705.391 (A)	Yes	
2008-006	Noncompliance with Ohio Revised Code 3701.391	Yes	

Independent Accountant's Report on Applying Agreed-Upon Procedures

Dohn Community High School
Hamilton County
608 E. McMillan Avenue
Cincinnati, Ohio 45201

To the Board of Directors:

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 Dohn Community High School (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on November 26, 2007.

2. We read the policy, noting it included the following requirements from Ohio Rev.

   Code Section 3313.666(B):

   a. A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

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

   c. A procedure for reporting prohibited incidents;

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

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

f. A procedure for documenting any prohibited incident that is reported;

g. A procedure for responding to and investigating any reported incident;

h. A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

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

j. A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

Foxx & Company

Foxx & Company
December 29, 2009

Mary Taylor, CPA
Auditor of State

DOHN COMMUNITY HIGH SCHOOL

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 8, 2010

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