

Horizon Science Academy of Springfield  
Lucas County, Ohio

Regular Audit

July 1, 2008 through June 30, 2009  
Fiscal Year Audited Under GAGAS: 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Horizon Science Academy of Springfield  
630 South Reynolds Road  
Toledo, Ohio 43615

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy of Springfield, Lucas County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 16, 2010

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**Horizon Science Academy of Springfield**  
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*For the Fiscal Year Ended June 30, 2009*

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### Independent Auditor's Report

Members of the Board  
Horizon Science Academy of Springfield  
630 South Reynolds Road  
Toledo, OH 43615

We have audited the accompanying financial statements of the business-type activities of the Horizon Science Academy of Springfield, Lucas County, (the Academy), as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions 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 opinions.

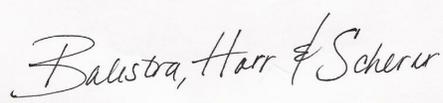
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Academy, as of June 30, 2009, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements indicate the Academy has incurred a working capital deficiency of \$207,628, an operating loss of \$241,845, and an accumulated deficit of \$6,688. Management's plans regarding these matters are described in Note 17.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2009 on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of the Board  
Horizon Science Academy of Springfield  
Independent Auditor's Report  
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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting 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.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 31, 2009

**Horizon Science Academy of Springfield**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*(Unaudited)*

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The discussion and analysis of Horizon Science Academy of Springfield's (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2009. Readers should also review the financial statements and notes to enhance their understanding of the Academy's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- Total assets were \$238,812.
- Total liabilities were \$245,500.
- Total net assets increased \$160,672.

### **Using this Financial Report**

This report consists of three parts: the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and change in net assets, and a statement of cash flows.

### **Reporting the Academy as a Whole**

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses and change in net assets, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Academy's net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net assets – as reported in the statement of revenues, expenses and change in net assets – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the Academy, to assess the overall health of the Academy.

The statement of net assets and the statement of revenues, expenses and change in net assets report the activities of the Academy, which encompass all the Academy's services, including instruction, supporting services, community services, and food services. Unrestricted state aid and state and federal grants finance most of these activities.

**Horizon Science Academy of Springfield**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*(Unaudited)*

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Table 1 provides a comparison of net assets as of June 30, 2009 with net assets as of June 30, 2008.

Table 1

	Net Assets	
	2009	2008
<u>Assets</u>		
Current and Other Assets	\$26,329	\$6,174
Capital Assets, Net	212,483	74,575
Total Assets	238,812	80,749
 <u>Liabilities</u>		
Current Liabilities	245,500	248,109
Total Liabilities	245,500	248,109
 <u>Net Assets</u>		
Invested in Capital Assets	200,940	73,588
Unrestricted	(207,628)	(240,948)
Total Net Assets	(\$6,688)	(\$167,360)

Total assets increased \$158,063 due to an increase in student enrollment, and an increase capital assets of \$137,908. Intergovernmental receivables decreased due to the more timely receipt of Federal funds during 2009. Capital assets increased as a net effect of additions, deletions, and depreciation expense. Total liabilities decreased \$2,609.

**Horizon Science Academy of Springfield**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2009  
(Unaudited)

Table 2 shows the changes in net assets for the fiscal years 2008 and 2009.

Table 2

Revenues, Expenses and Change in Net Assets		
	2009	2008
<u>Operating Revenue/Expense</u>		
Revenues		
Foundation Payments	1,334,533	\$1,020,853
Food Services	2,517	4,721
Classroom Fees	957	2,456
Extracurricular Activities	2,082	2,393
Donated Management Fee	120,563	57,968
Other Local Revenue	28,746	7,102
Total Operating Revenues	1,489,398	1,095,493
Expenses		
Salaries	680,835	646,127
Fringe Benefits	160,974	161,865
Purchased Services	774,046	455,284
Materials and Supplies	67,410	100,926
Other Expenses	32,356	29,842
Depreciation Expense	15,622	18,514
Total Operating Expenses	1,731,243	1,412,558
Net Operating Loss	(241,845)	(317,065)
<u>Non-Operating Revenues/Expenses</u>		
Restricted Grants In Aid- Federal	398,576	203,174
Restricted Grants In Aid- State	5,000	6,876
Interest Expense	(1,059)	(467)
Total Non-Operating Revenues/Expenses	402,517	209,583
<u>Net Assets</u>		
Change in Net Assets	160,672	(107,482)
Net Assets at Beginning of Year	(167,360)	(59,878)
Net Assets at End of Year	(\$6,688)	(\$167,360)

Foundation support and Federal grants increased \$313,680 and \$195,402, respectively, primarily due to an increase in enrollment and E-rate grant. Donated management fees increased \$62,595 due to fewer payment to Concept Schools in 2009 as compared to 2008. Salaries and benefits increased \$33,817 due to increases in pay rates and benefits costs. Purchased services increased \$318,762 due primarily to higher pupil transportation and utility costs.

Foundation support is the primary support of the Academy, comprising 90% of operating revenue and 71% of total revenues. The Academy also received a significant portion of federal grants and in-kind contributions, which represent 21% and 6% of total revenue, respectively. Salaries and benefits comprise the largest portion of operating expenses, representing 49% of total expenses. Purchased services also represent a large portion of operating expenses, or 45%. Net assets increased \$160,672, resulting from revenues in excess of expenses.

**Horizon Science Academy of Springfield**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*  
*(Unaudited)*

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**Capital Assets**

At the end of fiscal year 2009 the Academy had \$212,482, invested in furniture, fixtures and equipment, computers and other electronic equipment, and leasehold improvements (net of \$38,904 in accumulated depreciation). Table 3 shows fiscal year 2009 and fiscal year 2008:

Table 3

Capital Assets (Net of Depreciation)		
	2009	2008
Furniture, Fixtures and Equipment	\$208,558	\$65,920
Computers and Other Electronic Equipment	733	3,064
Leasehold Improvements	3,192	5,591
Totals	\$212,483	\$74,575

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

**Debt**

On July 1, 2005, December 23, 2005, January 27, 2006, and May 25, 2006, the Academy entered into note agreements with Concept Schools in the amounts of \$10,000, \$20,000, \$25,000, and \$30,000, respectively. The notes were issued with a maturity date of June 30, 2009, bearing an interest rate of zero percent. The Academy entered into a capital lease in August 2005 for a phone system. Both items are paid. The Academy also entered into a capital lease in November 2008 for a copier machine. Table 4 shows fiscal year 2009 and fiscal year 2008:

Table 4

Outstanding Debt Balances		
	2009	2008
Concept Schools	-	\$63,500
Capital Lease	11,543	987
Total	\$11,543	\$64,487

For more information on the Academy's debt see Note 10 to the basic financial statements.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Academy's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Aman Gurdov, Treasurer, Horizon Science Academy of Springfield, Inc., 630 S. Reynolds Road, Toledo, Ohio 43615-6314.

**Horizon Science Academy of Springfield**  
*Statement of Net Assets*  
*June 30, 2009*

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**ASSETS:**

**Current Assets:**

Cash and cash equivalents	\$14,254
Prepaid Items	<u>12,075</u>
Total current assets	<u>26,329</u>

**Noncurrent Assets:**

Depreciable capital assets (Net of Accumulated Depreciation)	<u>212,483</u>
Total assets	<u>238,812</u>

**LIABILITIES:**

**Current Liabilities:**

Accounts payable	155,199
Accrued wages and benefits payable	<u>78,758</u>
Total current liabilities	<u>233,957</u>

**Noncurrent Liabilities:**

Due within one year	2,313
Due in more than one year	<u>9,230</u>
Total noncurrent liabilities	<u>11,543</u>

Total liabilities	<u>245,500</u>
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**NET ASSETS:**

Invested in capital assets, net of related debt	200,940
Unrestricted (deficit)	<u>(207,628)</u>
Total net assets	<u><u>(\$6,688)</u></u>

See accompanying notes to the basic financial statements.

**Horizon Science Academy of Springfield**  
*Statement of Revenues, Expenses and Change in Net Assets*  
For the Fiscal Year Ended June 30, 2009

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**OPERATING REVENUES:**

Foundation payments	\$1,334,533
Food services	2,517
Classroom fees	957
Contribution and Donations	15,000
Extracurricular activities	2,082
Donated management fee	120,563
Other revenue	<u>13,746</u>
Total operating revenues	<u>1,489,398</u>

**OPERATING EXPENSES:**

Salaries	680,835
Fringe benefits	160,974
Purchased services	774,046
Materials and supplies	67,410
Depreciation	15,622
Miscellaneous	<u>32,356</u>
Total operating expenses	<u>1,731,243</u>

Operating loss	<u>(241,845)</u>
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**NON-OPERATING REVENUES (EXPENSES):**

Interest expense	(1,059)
Restricted grants in aid - federal	398,576
Restricted grants in aid - state	<u>5,000</u>
Total non-operating revenues (expenses)	<u>402,517</u>

Change in net assets	160,672
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Net assets, beginning of year	<u>(167,360)</u>
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Net assets, end of year	<u><u>(\$6,688)</u></u>
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See accompanying notes to the basic financial statements.

**Horizon Science Academy of Springfield**  
*Statement of Cash Flows*  
For the Fiscal Year Ended June 30, 2009

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**DECREASE IN CASH AND CASH EQUIVALENTS**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from State of Ohio	\$1,334,533
Cash received from other operating revenues	34,302
Cash payments to suppliers for goods and services	(687,492)
Cash payments to employees for services and benefits	(836,950)
Other cash payments	<u>(32,356)</u>
Net cash used for operating activities	<u>(187,963)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Federal grants received	398,576
State grants received	<u>5,000</u>
Net cash provided by noncapital financing activities	<u>403,576</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Principal paid on note payable	(63,500)
Principal paid on capital lease payable	(2,466)
Interest paid on capital lease payable	(1,059)
Payment for capital acquisitions	<u>(140,508)</u>
Net cash used for capital and related financing activities	<u>(207,533)</u>

Net decrease in cash and cash equivalents 8,080

Cash and cash equivalents at beginning of year 6,174

Cash and cash equivalents at end of year \$14,254

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

Operating loss (\$241,845)

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:**

Depreciation	15,622
<b>Changes in Assets and Liabilities:</b>	
Increase in accounts payable	33,401
Increase in accrued wages and benefits payable	17,078
Decrease in intergovernmental payable	(144)
Decrease in payroll liabilities	<u>(12,075)</u>
Total adjustments	<u>53,882</u>

Net cash used for operating activities (\$187,963)

**NONCASH TRANSACTIONS:**

Donated management fee	\$120,563
Purchased services	120,563

See accompanying notes to the basic financial statements.

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY**

Horizon Science Academy of Springfield, Inc. (the Academy), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades K through eight in Toledo. The Academy, which is part of the State's education program, is independent of any Academy and is nonsectarian in its programs, admission policies, employment practices, and all other operations.

The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy 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 Academy's tax-exempt status.

The Academy was approved for operation under contract with the Lucas County Educational Service Center (the Sponsor) for a period of five years commencing June 21, 2005.

The Academy operates under the direction of a self-appointed five-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Trustees controls the Academy's facility, which is currently staffed by 23 full and part time personnel who provide services to up to 180 students during the year.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles 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 Academy also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Academy does not apply FASB statements issued after November 30, 1989. The more significant of the School's accounting policies are described below.

**A. Basis of Presentation**

The Academy's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and change in net assets; and a statement of cash flows.

The Academy uses enterprise accounting to report its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Academy are included on the statement of net assets. The statement of revenues, expenses, and change in net assets present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

**Horizon Science Academy of Springfield**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The full accrual basis of accounting is used for reporting purposes. 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. Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants, entitlements and donations are recognized in the period in which all eligibility requirements have been satisfied. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. Expenses are recognized at the time they are incurred.

**C. Budgetary Process**

The contract between the Academy and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Chapter 5705.391(A) of the Ohio Revised Code also requires the School to prepare a 5-year forecast, update it annually, and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

**D. Cash**

To improve cash management, all cash received by the Academy is pooled in a central bank account. The Academy did not have any investments during fiscal year 2009.

**E. Capital Assets and Depreciation**

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 Academy maintains a capitalization threshold of one thousand dollars. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. The Academy does not capitalize interest.

Furniture, fixtures and equipment are depreciated using the straight-line method over the following estimated useful lives. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets. Leasehold improvements are depreciated using the straight-line method over the life of the lease.

	<u>Useful Life</u>
Leasehold Improvements	5 to 10 years
Heavy Duty Office or Classroom Furniture	10 years
Computers and Other Electronic Equipment	3 years

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program, Special Education Program, and Federal CCIP Program. Revenues received from the State Foundation Program, Special Education Program and other State programs are recognized as operating revenues whereas revenues from the Federal CCIP Program and other State Grants 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 Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

**G. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting these definitions are reported as non-operating.

**H. Compensated Absences**

Academy policy indicates that all leave earned by employees must be used in the current period and balances are not carried forward and, therefore, are not recorded as a liability.

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or contracts. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**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.

**3. DEPOSITS**

As of June 30, 2009, the Academy's bank balance of \$28,934 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

**3. DEPOSITS (Continued)**

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The Academy has no policy regarding custodial credit risk.

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

<b>Capital Assets</b>				
	<b>Ending Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
	<b>6/30/08</b>			<b>6/30/09</b>
<b>Business-Type Activity</b>				
Capital Assets Being Depreciated				
Furniture, Fixtures and Equipment	\$86,079	\$153,530	\$0	\$239,609
Computers and Other Electronics	6,991	0	0	6,991
Leasehold Improvements	14,438	0	(9,652)	4,786
<b>Total Capital Assets Being Depreciated</b>	<b>107,508</b>	<b>153,530</b>	<b>(9,652)</b>	<b>251,386</b>
Less: Accumulated Depreciation				
Furniture, Fixtures and Equipment	(20,159)	(10,892)	0	(31,051)
Computers and Other Electronics	(3,927)	(2,331)	0	(6,258)
Leasehold Improvements	(8,847)	(2,399)	9,652	(1,594)
<b>Total Accumulated Depreciation</b>	<b>(32,933)</b>	<b>(15,622)</b>	<b>9,652</b>	<b>(38,903)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$74,575</b>	<b>\$137,908</b>	<b>\$0</b>	<b>\$212,483</b>

**5. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Academy contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org), under *Forms and Publications*.

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**5. DEFINED BENEFIT PENSION PLANS (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocated the current employer contribution rate among the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended 2009, it was determined the employer contribution rate to pension and death benefits to be 9.16%. The remaining 4.84% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$9,474, \$6,144, and \$9,641, respectively; 100% has been contributed for fiscal years 2009, 2008 and 2007.

**B. State Teachers Retirement System**

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**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 DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of 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 will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**5. DEFINED BENEFIT PENSION PLANS (Continued)**

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**5. DEFINED BENEFIT PENSION PLANS (Continued)**

For the fiscal years ended June 30, 2009, 2008, and 2007, plan members were required to contribute 10 percent of their annual covered salaries. For these fiscal years, the Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$79,368, \$71,448 and \$66,196, respectively; 100% has been contributed for fiscal years 2008, 2007 and 2006.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio's Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**6. POSTEMPLOYMENT BENEFITS**

**A. State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the Academy, these amounts equaled \$6,373, \$5,103, and \$5,113 for fiscal years 2009, 2008, and 2007, respectively.

**B. School Employees Retirement System**

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

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**6. POSTEMPLOYMENT BENEFITS (Continued)**

Medicare Part B Plan

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

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2008, 2007, and 2006 the actuarially required allocations were 0.75 percent, 0.66 percent, and 0.68 percent. The Academy's contributions for the fiscal years ended June 30, 2009, 2008 and 2007 were \$480, \$356 and \$468, respectively, which equaled the required contributions for those years.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation is 4.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. For the Academy, the amounts contributed to fund health care benefits, including the surcharge, during the 2009, 2008, and 2007 fiscal years equaled \$1,894, \$2,254, and \$2,286, respectively.

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

The financial reports of 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 SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**7. RISK MANAGEMENT**

**A. Property and Liability**

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Academy contracted with Cincinnati Insurance Company for property and general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 annual aggregate and no deductible. There has been no reduction in coverage from the prior year. There have been no settlements exceeding coverage in any of the last three fiscal years.

**B. Workers Compensation**

The Academy pays the State Workers 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. 100% of this premium was paid for fiscal year 2009.

**8. EMPLOYEE MEDICAL AND DENTAL BENEFITS**

The Academy has contracted with a private carrier to provide employee medical/surgical benefits. The Academy pays 50% of the monthly premium and the employee is responsible for the remaining 50%. The Academy has also contracted with private carriers to provide dental coverage. The Academy pays 50% of the monthly premium and the employee is responsible for the remaining 50%.

**9. PURCHASED SERVICES**

Purchased service expenses during fiscal year 2009 were as follows:

<b>Type</b>	<b>Amount</b>
Professional Services	\$113,737
Rent and Property Services	\$197,865
Travel	\$3,320
Advertising and Communications	\$30,047
Utilities	\$40,813
Pupil Transportation	\$204,955
Other Purchased Services	\$183,309
<b>Total</b>	<b>\$774,046</b>

**10. LONG-TERM LIABILITIES**

Long-term liabilities activity during fiscal year 2009 was as follows:

	Balance at 6/30/08	Additions	Deletions	Balance at 6/30/09	Due Within One Year
Concept Schools	\$63,500	\$0	\$63,500	0	0
Capital Lease	987	13,022	2,466	11,543	2,313
Total	\$64,487	\$13,022	\$65,966	\$11,543	\$2,313

On July 1, 2005, December 23, 2005, January 27, 2006, and May 25, 2006, the Academy entered into note agreements with Concept Schools in the amounts of \$10,000, \$20,000, \$25,000, and \$30,000, respectively. The notes were issued with a maturity date of June 30, 2009, bearing an interest rate of zero percent.

**Horizon Science Academy of Springfield**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2009

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**11. OPERATING LEASES**

The Academy has entered into a lease for a building facility with Niagara Educational Services Inc. for a period of April 1, 2005 to June 30, 2010. On November 1, 2006, Breeze Inc., a sister company of Concept Schools, purchased the property and took over the existing lease agreement with the Academy. According to the current agreement, the monthly rent for the facilities is \$14,600. Of the \$175,200 owed for monthly rent to Breeze Inc., \$91,500 was still owed as of June 30, 2009 and is recorded in accounts payable.

The Academy entered into a lease for two copiers with US Banc Corporation. The copiers have a lease period of August 4, 2005 through November 4, 2010. Payments, including interest totaled \$4,231 for the fiscal year ended June 30, 2009.

The following is a schedule of the future payments required under the operating leases as of June 30, 2009.

Fiscal Year Ending June 30,	Facility Lease	Copier Lease
2009	\$266,700	\$5,442
2010	175,200	5,244
2011	0	1,748
Total minimum lease payments	\$441,900	\$12,234

**12. CAPITALIZED LEASE – LESSEE DISCLOSURE**

The Academy entered into a capital lease in November 2008 for a color copier and in August 2005 for a phone system. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee. The capital leases were recorded at the present value of the future minimum lease payments as of the inception dates. Principal payments made during fiscal year 2009 total \$2,466.

The following is a schedule of the future minimum lease payments required under the capital lease as of June 30, 2009.

Fiscal Year Ending June 30,	
2010	\$3,108
2011	3,108
2012	3,108
2013	3,108
2014	1,813
Minimum Lease Payments	14,245
Less: Amount representing interest at the School's incremental borrowing rate of interest	(2,702)
Present Value of Minimum Lease Payments	\$11,543

**Horizon Science Academy of Springfield**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2009*

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**13. CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Academy. In fiscal year 2009, the Academy received grants from State and Federal agencies total of \$403,576.

**B. Litigation**

A suit was filed in Franklin County Common Pleas Court on May 14, 2001 alleging that Ohio's Community (i.e., Charter) School programs violate the State Constitution and state laws. On April 23, 2004, the Court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed and the case was heard on November 18, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the State public educational system and this matter was sent to the Ohio Supreme Court. On October 25, 2006, the Supreme Court of Ohio held that Chapter 3314 of the Ohio Revised Code, the state law authorizing establishment and operation of community or "charter" schools, is constitutional both on its face and as applied.

**14. SPONSORSHIP AGREEMENT**

On June 25, 2005, Lucas County Educational Service Center assumed responsibility for sponsorship of the Academy. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. On May 2, 2007, the original contract was extended until July 1, 2012. According to the contract, the Academy pays 1% of its foundation revenues to the Sponsor. This rate will be increased to 1.5% as of July 1, 2009. In fiscal year 2009, the Academy's compensation to the Sponsor was \$13,221.

**15. MANAGEMENT COMPANY AGREEMENT**

On January 1, 2005, the Academy contracted with Concepts Schools, Inc. to serve as the Academy's management company. The contract is renewed automatically every year in one year terms unless the Academy or the management company decides otherwise. According to the contract, the Academy transfers 10% of the funds received from the State. In fiscal year 2009, the Academy paid \$76,390 to Concept Schools for management services. The rest of the fees, amounting to \$120,563, were forgiven by Concept Schools, and are reflected in the statement of revenues, expenses and change in net assets as donated management fee.

**16. RELATED PARTIES**

The Board members for the Academy are also Board members for other Horizon Science Academy Schools that are managed by the same management company, Concept Schools.

**Horizon Science Academy of Springfield**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**17. MANAGEMENT'S PLANS REGARDING CONTINUED EXISTENCE**

As shown in the accompanying financial statements, the Academy has an accumulated deficit of \$6,688 at June 30, 2009, which is primarily due to \$11,543 in outstanding debt, and \$233,957 in payables for outstanding purchases for goods and services received in fiscal year 2009 that have not been paid for and for wages and benefits owed to employees and various agencies for work performed in fiscal year 2009.

The Academy's long range plans are to seek increased enrollment.



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

Members of the Board  
Horizon Science Academy of Springfield  
630 South Reynolds Road  
Toledo, Ohio 43615

We have audited the financial statements of the business-type activities of the Horizon Science Academy of Springfield (the Academy) as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 31, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable basis of accounting such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

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

Members of the Board

Horizon Science Academy of Springfield

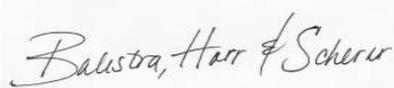
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS REQUIRED BY WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

### **Compliance and Other Matters**

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

We intend this report for the information and use of management and members of the Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 31, 2009



### Independent Auditor's Report on Applying Agreed-Upon Procedures

Horizon Science Academy of Springfield  
Clark County  
630 South Reynolds Road  
Toledo, Ohio 43615

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 Horizon Science Academy of Springfield (the Academy) 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 December 1, 2007.
2. We read the policy, noting it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
  - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
  - 3) A procedure for reporting prohibited incidents;
  - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - 6) A procedure for documenting any prohibited incident that is reported;

- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the academy board a written summary of all reported incidents and post the summary on its web site, if the academy 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.



Balestra, Harr & Scherer, CPAs, Inc.

December 31, 2009



**Mary Taylor, CPA**  
Auditor of State

**HORIZON SCIENCE ACADEMY OF SPRINGFIELD  
LUCAS 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 30, 2010**