



Mary Taylor, CPA
Auditor of State

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Miamisburg Secondary Academy Community School
Montgomery County
540 East Park Avenue
Miamisburg, Ohio 45342

To the Board of Directors:

We have audited the accompanying financial statements of the business type activity of Miamisburg Secondary Academy Community School, Montgomery County, (the School), as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code §117-2-03 (B) requires the School to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the business type activity of the Miamisburg Secondary Academy Community School, Montgomery County, as of June 30, 2010, and the respective change in cash financial position thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2010, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

November 16, 2010

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

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

Financial Highlights

In total, cash and net assets decreased \$73,086.

Despite cuts in State Funding, the School was able to increase receipts through the use of additional federal and State grants.

Using This Financial Report

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School's cash basis of accounting. This report consists of a Statement of Net Assets - Cash Basis, a Statement of Cash Receipts, Disbursements, and Change in Net Assets – Cash Basis and notes to the statements.

The Statement of Net Assets – Cash Basis and The Statement of Cash Receipts, Disbursements, and Change in Net Assts – Cash Basis answer the question of how the School reformed during the fiscal year within the limits of the cash basis of accounting. The notes to the basic financial statements are an integral part of the financial statements and provide expanded explanations and details regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The School has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Table 1 provides a summary of the School's net assets for fiscal year 2010 and fiscal year 2009, and Table 2 shows the changes in net assets for fiscal year 2010 and fiscal year 2009:

	(Table 1)		
	Net Assets		
	2010	2009	Change
Assets:			
Current Assets	\$479,097	\$552,183	(\$73,086)
Net Assets:			
Restricted	4,000		4,000
Unrestricted	475,097	552,183	(77,086)
Total Net Assets	\$479,097	\$552,183	(\$73,086)

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Current assets consist of cash balances at fiscal year-end. Restricted net assets represent monies restricted by grants to be spent for specific purposes. Unrestricted net assets are monies available to the School for any purpose. Changes to these are explained on the next page.

**(Table 2)
Changes in Net Assets**

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Operating Receipts:			
State Foundation	\$432,506	\$528,593	(\$ 96,087)
Miscellaneous	162		162
Total Operating Receipts	<u>432,668</u>	<u>528,593</u>	<u>(95,925)</u>
Non-Operating Receipts:			
Federal and State Grants	155,651	11,107	144,544
Interest	8,104	10,416	(2,312)
Total Non-Operating Receipts	<u>163,755</u>	<u>21,523</u>	<u>142,232</u>
Total Receipts	<u>596,423</u>	<u>550,116</u>	<u>46,307</u>
Operating Disbursements:			
Purchased Services	528,401	405,291	123,110
Materials and Supplies	139,354	17,742	121,612
Capital Outlay	1,754	1,451	303
Other		5,609	(5,609)
Total Operating Disbursements	<u>669,509</u>	<u>430,093</u>	<u>\$239,416</u>
Change in Net Assets	(73,086)	120,023	
Net Assets at Beginning of Year	<u>552,183</u>	<u>432,160</u>	
Net Assets at End of Year	<u>\$479,097</u>	<u>\$552,183</u>	

Overall receipts increased by \$46,307 or eight percent. The two largest receipt sources for the School are State Foundation payments and Federal and State Grant monies. State Foundation payments decreased significantly due to a drop in enrollment and cuts in funding at the State level. Federal and State Grants increased due to several factors. The School received federal stimulus monies that are required to be shown as grant monies. Also, the School received prior fiscal year grant monies during fiscal year 2010 as well as fiscal year 2010 grant monies that on a cash basis are reported during the fiscal year in which they are received.

On the disbursement side, disbursements increased mainly due to timing. As grant monies for prior fiscal years and the current fiscal year were received during fiscal year 2010, these monies were spent. Under the cash basis of accounting these disbursements are required to be shown on the financial statements when made.

Overall, the School's net assets decreased during the fiscal year by \$73,086 or 13 percent. With a decrease in State Foundation receipts, the School was forced to spend more than was received, and tap into the net asset balance that has been accumulated.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact the Office of the Treasurer at Miamisburg Secondary Academy Community School, 540 East Park Avenue, Miamisburg, Ohio 45342.

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**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2010**

Assets:

Cash and Cash Equivalents	<u><u>\$479,097</u></u>
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Net Assets:

Restricted for Title I	\$4,000
Unrestricted	<u>475,097</u>
Total Net Assets	<u><u>\$479,097</u></u>

See accompanying notes to the basic financial statements.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGE IN NET ASSETS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Operating Receipts:	
State Foundation	\$432,506
Miscellaneous	162
Total Operating Receipts	<u>432,668</u>
Operating Disbursements:	
Purchased Services	528,401
Materials and Supplies	139,354
Capital Outlay	1,754
Total Operating Disbursements	<u>669,509</u>
Operating Loss	<u>(236,841)</u>
Non-Operating Receipts:	
Federal and State Grants	155,651
Interest	8,104
Total Non-Operating Receipts	<u>163,755</u>
Change in Net Assets	(73,086)
Net Assets at Beginning of Year	<u>552,183</u>
Net Assets at End of Year	<u><u>\$479,097</u></u>

See accompanying notes to the basic financial statements.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Miamisburg Secondary Academy Community School (the "School") is a non-profit corporation established pursuant to Ohio Revised Code chapters 1702 and 3314 to address the growing need for a comprehensive educational program delivered to students in the 7-12 population primarily through distance learning technologies and computer based classroom curriculum. The comprehensive educational program will address special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and other, including some home-schooled students, who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program.

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 was approved for operations under contract with the Miamisburg City School District (the Sponsor) for a period of five years commencing April 28, 2005 and renewed on May 20, 2010 for an additional five year period through June 30, 2015. The School accepted students beginning August 23, 2005. 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 termination of the contract prior to its expiration.

The School operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

The Board of Directors has entered into a one year service contract with Tri-River Educational Computer Association (TRECA) to provide instructional, administrative, and technical services required for the operation of the School (See Note 4). The Board of Directors has entered into a one year service contract with Miamisburg City School District to provide planning, instructional, administrative, and technical services required for the operation of the School (See Note 6).

The School participates in one jointly governed organization. This organization is the Metropolitan Dayton Educational Cooperative Association (MDECA). MDECA is presented in Note 10 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Section B of Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The School also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following are the more significant of the School's accounting policies.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Assets – Cash Basis and a Statement of Cash Receipts, Disbursements and Change in Net Assets – Cash Basis.

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

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

B. Basis of Accounting

The School's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued disbursements and liabilities) are not recorded in these financial statements.

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 or otherwise adopted by the Board of Directors. The contract also states the School will follow the operating procedures recommended by the Auditor of State, including those related to regular presentation, review, discussion, and approval or rejection of the budget and reports of current and encumbered expenses.

D. Cash and Cash Equivalents

The School maintains an interest bearing depository account. All funds of the School are maintained in this account. This account is presented on the Statement of Net Assets as "Cash and Cash Equivalents". The School had no investments during fiscal year 2010.

E. Intergovernmental Receipts

The School currently participates in the State Foundation Program. Receipts received from this program are recognized as operating receipts in the accounting period in which they are received.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated.

The remaining grants and entitlements received by the School are recognized as non-operating receipts in the accounting period in which they are received.

F. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activities. For the School, these receipts are primarily foundation payments from the State. Operating disbursements are necessary costs incurred to provide the good or service that is the primary activity of the School. Receipts and disbursements not meeting this definition are reported as non-operating.

G. Net 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. The School applies restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

3. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. For fiscal year 2010, the School was insured for commercial inland marine, general liability, and property as part of the Miamisburg City School District's policy. During fiscal year 2010, the School contracted with The Netherlands Insurance Company for building and property insurance. General liability insurance is under The Midwestern Indemnity Company.

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

4. CONTRACT WITH TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION

The School entered into a one year contract on June 23, 2009 for fiscal year 2010 with Tri-Rivers Educational Computer Association (TRECA). Under the contract, the following terms were agreed upon.

- TRECA shall provide the School with instructional, supervisory/administrative; and technical services sufficient to effectively implement the School's educational plan and the School's assessment and accountability plan.
- All personnel providing services to the School on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. CONTRACT WITH TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION

- The technical services provided by TRECA to the School shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- The School shall secure the services of an Executive Director, who shall be the chief operating officer of the School, with primary responsibility for day-to-day operations of the School.
- Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA.
- The School shall pay TRECA a base cost of \$3,875 per full-time high school student. However, the School has elected to not receive some services from TRECA included in the base cost per student. As a result, the School pays \$2,850 per full-time high school student. Part-time students may be enrolled on such terms as are agreed to by the parties.

In fiscal years 2010 and 2009, the School paid TRECA \$118,092 and \$98,170, respectively.

To obtain TRECA's audited financial statements for the fiscal year ended June 30, 2010, please contact Scott Armstrong, Chief Financial Officer, at scott@treca.org.

5. RELATED PARTY TRANSACTIONS

Miamisburg City School District (Sponsor) provides planning, instructional, administrative, and technical services required for the operation of the School.

Total payments made to the Miamisburg City School District equaled \$343,561 out of which \$341,778 was for the use of facilities and personnel. See Note 6 for details.

6. CONTRACT WITH MIAMISBURG CITY SCHOOL DISTRICT

Miamisburg City School District shall provide the School with education and meeting space, instructional, supervisory/administrative, and technical services sufficient to effectively implement the School's educational plan and the School's assessment and accountability plan.

All personnel providing services to the School on behalf of Miamisburg City School District under the agreement shall be employees of Miamisburg City Schools and Miamisburg City Schools shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.

The technical services provided by Miamisburg City School District to the School shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operations.

In fiscal years 2010 and 2009, the School paid Miamisburg City School District \$343,561 and \$278,849, respectively.

To obtain Miamisburg City School District's audited financial statements for the period ending June 30, 2010, please contact Tammy Emrick, Treasurer, at [tmrick@miamisburg.k12.oh.us](mailto:tmrack@miamisburg.k12.oh.us).

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

7. CONTINGENCIES

A. Grants

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

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The conclusions of the fiscal year 2010 review resulted in the School owing \$12,584 to the Ohio Department of Education, which it will pay over an 8 month period starting in November 2010.

8. FISCAL AGENT

The School utilizes the services of Miamisburg City School District as its fiscal officer.

9. PURCHASED SERVICES

For the fiscal year ended June 30 2010, purchased services expenses for services rendered by various vendors were as follows:

Professional and Technical Services	\$280,843
Property Services	97,800
Travel and Meetings	42,883
Tuition	93,942
Utilities	12,641
Other	292
Total	<u><u>\$528,401</u></u>

10. JOINTLY GOVERNED ORGANIZATION

Metropolitan Dayton Educational Cooperative Association - The School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA \$2,210 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as executive director, at 225 Linwood Street, Dayton, Ohio 45405.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School to prepare its annual financial report in accordance with generally accepted accounting principles. However the School prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School can be fined and various other administrative remedies may be taken against the School.



Mary Taylor, CPA

Auditor of State

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

Miamisburg Secondary Academy Community School
Montgomery County
540 East Park Avenue
Miamisburg, Ohio 45342

To the Board of Directors:

We have audited the financial statements of the business-type activity, of Miamisburg Secondary Academy Community School, Montgomery County, (the School) as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 16, 2010, wherein we noted the School uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated November 16, 2010.

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

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

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

Mary Taylor, CPA
Auditor of State

November 16, 2010

MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2010

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

FINDING NUMBER 2010-001

Noncompliance

Ohio Admin. Code Section 117-2-03 (B) requires community schools to report (but not necessarily account) on a generally accepted accounting principles (GAAP) basis. Additionally, **Exhibit 2 of the School's contract with its sponsor** requires the School's records to conform to GAAP and all other appropriate guidelines established by the Auditor of State. The School prepared its financial statements on Other Comprehensive Basis of Accounting (OCBOA) that has been prescribed by the Auditor of State and American Institute of Certified Public Accountants (AICPA) for certain small local governments like villages and townships.

GAAP financial statements provide a more detailed overview of the School's financial condition. The School should consider presenting GAAP financial statements as required by the Ohio Administrative Code and it's Sponsor Contract.

Officials' Response: The School realizes that GAAP statements are prescribed by the Auditor of State and is in the process of analyzing the cost benefit of preparing statements that confirm to the requirement.

**MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Admin Code 117-2-03(B) – Failure to prepare and report on a GAAP basis.	No	Not Corrected, repeated as Finding 2010-001
2009-002	ORC 117.38 – Failure to file report within 150 days of fiscal year end and publish notice in newspaper	No	Partially Corrected, Moved to management letter comment
2009-003	There was no documentation that the Board was receiving financial information to monitor the School's financial activity on a consistent basis	No	Not Corrected, Moved to management letter comment.



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedures

Miamisburg Secondary Academy Community School
Montgomery County
540 East Park Avenue
Miamisburg, Ohio 45342

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 Miamisburg Secondary Academy Community 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 October 14, 2008.
2. We read the policy, noting it included the following requirements from 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 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
 - 6) 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;

- 7) 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.
3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) 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;
 - 2) A procedure for documenting any prohibited incident that is reported;
 - 3) A procedure for responding to and investigating any reported incident.

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

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



Mary Taylor, CPA
Auditor of State

November 16, 2010



Mary Taylor, CPA
Auditor of State

MIAMISBURG SECONDARY ACADEMY COMMUNITY SCHOOL

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 16, 2010**