



Dave Yost • Auditor of State

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Accountants' Report..... | 1 |
| Management's Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Statement of Net Assets As of June 30, 2011..... | 7 |
| Statement of Revenues, Expenses and Changes in Net Assets For the Fiscal Year Ended June 30, 2011..... | 8 |
| Statement of Cash Flows For the Fiscal Year Ended June 30, 2011..... | 9 |
| Notes to the Basic Financial Statements | 11 |
| Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 23 |
| Independent Accountants' Report on Applying Agreed-Upon Procedures..... | 25 |

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Dohn Community High School
Hamilton County
608 East McMillan Avenue
Cincinnati, Ohio 45206

To the Board of Trustees:

We have audited the accompanying basic financial statements of Dohn Community High School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the School'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 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 financial position of the Dohn Community High School, Hamilton County, Ohio, as of June 30, 2011, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Dave Yost
Auditor of State

February 1, 2012

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

The discussion and analysis of the Dohn Community High School, Hamilton County, Ohio (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statement and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- For fiscal year 2011 assets exceeded liabilities by \$1,474,536.
- The School derived 98 percent of their revenues through federal and state programs.
- Salaries and benefits accounted for 57 percent of the \$1,304,445 in operating expenses for fiscal year 2011.
- The School was able to decrease the long term liabilities by \$26,178 from fiscal year 2010.

Using this Annual Financial Report and Overview of Financial Statements

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

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

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

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

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Table 1 provides a summary of the School's net assets for fiscal year 2011 compared to fiscal year 2010.

Table 1
Net Assets

| | 2011 | 2010 | Change |
|----------------------------|---------------------------|---------------------------|------------------------|
| Assets | | | |
| Current assets | \$145,938 | \$154,542 | (\$8,604) |
| Capital assets, net | 1,717,018 | 1,693,062 | 23,956 |
| <i>Total assets</i> | <u>1,862,956</u> | <u>1,847,604</u> | <u>15,352</u> |
| Liabilities | | | |
| Current liabilities | 208,584 | 238,533 | (29,949) |
| Long term liabilities | 179,836 | 206,014 | (26,178) |
| <i>Total liabilities</i> | <u>388,420</u> | <u>444,547</u> | <u>(56,127)</u> |
| Net Assets | | | |
| Invested in capital assets | 1,493,104 | 1,428,187 | 64,917 |
| Restricted | 28,792 | 101,087 | (72,295) |
| Unrestricted | (47,360) | (126,217) | 78,857 |
| <i>Total net assets</i> | <u><u>\$1,474,536</u></u> | <u><u>\$1,403,057</u></u> | <u><u>\$71,479</u></u> |

The School saw current assets decrease as the construction project on the second floor started to enable the School to provide more educational space as the enrollment continues to increase. The School also used the additional \$226,995 in revenue to pay down long term obligations reducing the mortgage and line of credit by \$34,361 from the prior year. The restricted net asset balance dropped significantly as last year the School had several ARRA grants with balances that carried over to the current fiscal year and have been spent.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Table 2 shows the change in net assets for the year ended 2010 compared to fiscal year 2011.

Table 2
Change in Net Assets

| | <u>2011</u> | <u>2010</u> | <u>Change</u> |
|-----------------------------|--------------------|--------------------|-----------------|
| Revenues | | | |
| Operating revenues: | | | |
| Foundation payments | \$949,125 | \$644,023 | \$305,103 |
| Special education | 84,312 | 86,205 | (1,893) |
| Classroom fees | 6,971 | 6,754 | 217 |
| Charges for services | 5,135 | 0 | 5,135 |
| Other operating revenues | 19,551 | 38,156 | (18,605) |
| Non-operating revenues: | | | |
| Federal and state grants | 320,656 | 383,617 | (62,961) |
| Total revenues | <u>1,385,750</u> | <u>1,158,755</u> | <u>226,995</u> |
| Expenses | | | |
| Operating expenses: | | | |
| Salaries | 626,580 | 517,055 | 109,525 |
| Fringe benefits | 121,531 | 89,383 | 32,148 |
| Purchased services | 462,327 | 403,237 | 59,090 |
| Materials and supplies | 63,994 | 36,083 | 27,911 |
| Depreciation | 25,091 | 79,102 | (54,011) |
| Other expenses | 4,922 | 3,834 | 1,088 |
| Non-Operating Expenses: | | | |
| Interest and fiscal charges | 9,826 | 18,985 | (9,159) |
| Total Expenses | <u>1,314,271</u> | <u>1,147,679</u> | <u>166,592</u> |
| Change in Net Assets | <u>71,479</u> | <u>11,076</u> | <u>\$60,403</u> |
| Beginning Net Assets | <u>1,403,057</u> | <u>1,391,981</u> | |
| Ending Net Assets | <u>\$1,474,536</u> | <u>\$1,403,057</u> | |

The School saw revenues increase from 2010 to 2011 although federal and state grants decreased due to the stimulus funding received in 2010. The School was able to completely offset this reduction because foundation revenue increased as the School increased the enrollment from 102 students in 2010 to 160 during 2011. The School did increase the expenses for the current year as there was need for additional staff members based on the enrollment increase. The School also had additional expenses preparing the second floor for the expansion project to use the current building better.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Capital Assets

At the end of 2011, the School had \$1,717,018 (net of \$593,680 in accumulated depreciation) invested in land, buildings, building improvements, furniture, and equipment. Table 3 shows the fiscal year 2011 balances compared to fiscal year 2010:

Table 3
Capital Assets at June 30 (net)

| | 2011 | 2010 | Change |
|---------------------------|--------------------|--------------------|-----------------|
| Land | \$19,000 | \$19,000 | \$0 |
| Construction in Progress | 7,712 | 0 | 7,712 |
| Building and Improvements | 1,648,156 | 1,655,752 | (7,596) |
| Furniture and Equipment | 42,150 | 18,310 | 23,840 |
| Totals | <u>\$1,717,018</u> | <u>\$1,693,062</u> | <u>\$23,956</u> |

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

Debt

At June 30, 2011, the School had one line of credit with PNC Bank totaling \$17,900 and two construction loans that totaled of \$206,014 and \$35,000. The School refinanced the original mortgage during fiscal year 2010 to lower the interest rate to 3.75%. For more information on the School's debt refer to Note 6 of the notes to the financial statements.

Current Financial Issues

The School continues to increase enrollment annually. The School received funding in 2009 based on 110 students, which has increased to 169 as of November 2011. The School receives its finances mostly from state aid. Per pupil aid for fiscal year 2011 amounted to \$6,468 per student. The School continues preparing to expand the use of the facility and annex building to add students and increase the revenue base.

Contacting the School's Financial Management

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

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF NET ASSETS**

AS OF JUNE 30, 2011

Assets:

Current assets:

| | |
|--------------------------------------|----------------|
| Cash and cash equivalents | \$ 110,127 |
| Restricted cash and cash equivalents | 35,000 |
| Accounts receivable | 250 |
| Intergovernmental receivable | 561 |
| Total current assets | <u>145,938</u> |

Noncurrent assets:

| | |
|--------------------------------|------------------|
| Nondepreciable assets | 26,712 |
| Depreciable Capital assets | 1,690,306 |
| Total noncurrent assets | <u>1,717,018</u> |

Total Assets 1,862,956

Liabilities:

Current liabilities

| | |
|------------------------------------|----------------|
| Accounts payable | 17,022 |
| Contracts payable | 7,712 |
| Accrued wages and benefits payable | 87,339 |
| Intergovernmental payable | 17,433 |
| Line of credit payable | 17,900 |
| Current portion of long term debt | 61,178 |
| Total current liabilities | <u>208,584</u> |

Long term debt less current portion 179,836

Total Liabilities 388,420

Net Assets:

| | |
|---|-----------------|
| Invested in capital assets, net of related debt | 1,493,104 |
| Restricted | 28,792 |
| Unrestricted | (47,360) |
| | <u>(47,360)</u> |

Total net assets \$ 1,474,536

See accompanying notes to the basic financial statements

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

For the Fiscal Year Ended June 30, 2011

| | |
|--|---------------------|
| Operating Revenues: | |
| Foundation payments | \$ 949,125 |
| Special Education | 84,312 |
| Classroom fees | 6,971 |
| Charges for services | 5,135 |
| Other operating revenues | <u>19,551</u> |
| Total operating revenues | <u>1,065,094</u> |
| Operating Expenses: | |
| Salaries | 626,580 |
| Fringe benefits | 121,531 |
| Purchased services | 462,327 |
| Materials and supplies | 63,994 |
| Depreciation | 25,091 |
| Other operating expenses | <u>4,922</u> |
| Total operating expenses | <u>1,304,445</u> |
| Operating Loss | <u>(239,351)</u> |
| Non-Operating Revenues and Expenses: | |
| Federal grants | 312,801 |
| State grants | 7,855 |
| Interest and fiscal charges | <u>(9,826)</u> |
| Total non-operating revenues and expenses | <u>310,830</u> |
| Change in net assets | 71,479 |
| Net assets at beginning of year | <u>1,403,057</u> |
| Net assets at end of year | <u>\$ 1,474,536</u> |

See accompanying notes to the basic financial statements

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended June 30, 2011

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

| | |
|---|------------------|
| Cash received from State of Ohio - Foundation | \$ 1,033,437 |
| Cash received from classroom materials and fees | 11,956 |
| Cash received from other operating revenues | 21,978 |
| Cash payments for personal services | (743,966) |
| Cash payments for contract services | (529,971) |
| Cash payments for supplies and materials | (22,261) |
| Cash payments for other expenses | (4,922) |
| Net cash used for operating activities | <u>(233,749)</u> |

Cash flows from noncapital financing activities:

| | |
|--|----------------|
| Cash received from state and federal grants | 324,860 |
| Principal paid on debt obligations | (10,500) |
| Net cash provided by noncapital financing activities | <u>314,360</u> |

Cash flows from capital and related financing activities:

| | |
|---|-----------------|
| Acquisition of Capital Assets | (49,047) |
| Proceeds from Sale of Notes | 35,000 |
| Principal paid on debt obligations | (58,861) |
| Interest paid on debt obligations | (9,826) |
| Net cash used by capital and related financing activities | <u>(82,734)</u> |

| | |
|--|-----------------------|
| Net change in cash and cash equivalents | (2,123) |
| Cash and Cash Equivalents at beginning of year | 147,250 |
| Cash and Cash Equivalents at end of year | <u><u>145,127</u></u> |

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

| | |
|--|----------------------------|
| Operating loss | (239,351) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | |
| Depreciation | 25,091 |
| Change in assets and liabilities: | |
| Decrease in accounts receivable | 2,277 |
| Decrease in accounts payable | (33,624) |
| Increase in contracts payable | 7,712 |
| Increase in accrued wages and benefits | 349 |
| Increase in intergovernmental payable | 3,797 |
| Net cash used for operating activities | <u><u>\$ (233,749)</u></u> |

See accompanying notes to the basic financial statements

This page intentionally left blank

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

1. DESCRIPTION OF THE REPORTING ENTITY

Dohn Community High School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code, Chapters 3314 and 1702, to address the needs of students in grades nine through twelve who have been impacted by substance abuse. The School qualifies as an exempt organization under section 501(c)(3) of the Internal Revenue Code. The School's program includes a curriculum that provides academic credit coupled with substance abuse intervention. The target population of at-risk youth is those who have a problem with alcohol or other drugs, as well as those who have lived with a substance abusing relative or guardian. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under contract for continuing Ohio Charter Schools with the Kids Count of Dayton, Inc. (the Sponsor) for a period of five years commencing July 1, 2007. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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

The Board hires the Superintendent, who hires all the other staff, and manages the day-to-day operations of the School. The Board controls the School's one instructional/support facility staffed by 2 non-certified and 9 certified full time teaching personnel who provide services to 160 students.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

C. Budgetary Process

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

D. Cash and Investments

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

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

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 School maintains a capitalization threshold of fifteen hundred dollars. The School does not possess any infrastructure.

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

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

| <u>Description</u> | <u>Estimated Lives</u> |
|---------------------------|------------------------|
| Building and Improvements | 30 |
| Furniture and Equipment | 5 |

F. Intergovernmental Revenues

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

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Amounts awarded under grants and entitlements for the year ended June 30, 2011 totaled \$1,354,093.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net Assets

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

H. Estimates

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

I. Operating Revenues and Expenses

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

3. DEPOSITS AND INVESTMENTS

At June 30, 2011, the carrying amount of the School's deposits was \$145,127 and the bank balance was \$111,941 with an additional \$35,000 available at PNC Bank on June 30, 2011. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC).

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

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

3. DEPOSITS AND INVESTMENTS (continued)

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

4. RECEIVABLES

Receivables at June 30, 2011, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

| <u>Intergovernmental</u> | <u>Amount</u> |
|-----------------------------|---------------|
| Federal Lunch Subsidy Grant | \$561 |

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011:

| | <u>Balance 6/30/10</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 6/30/11</u> |
|---|----------------------------|------------------|-------------------|----------------------------|
| Capital Assets Not Being Depreciated | | | | |
| Land | \$19,000 | \$0 | \$0 | \$19,000 |
| Construction in Progress | 0 | 7,712 | 0 | 7,712 |
| Total Capital Assets Not Depreciated | <u>19,000</u> | <u>7,712</u> | <u>0</u> | <u>26,712</u> |
| Capital Assets Being Depreciated | | | | |
| Building and Improvements | 2,107,662 | 27,199 | 0 | 2,134,861 |
| Furniture and Equipment | 134,989 | 14,136 | 0 | 149,125 |
| Total Capital Assets Being Depreciated | <u>2,242,651</u> | <u>41,335</u> | <u>0</u> | <u>2,283,986</u> |
| Less Accumulated Depreciation | | | | |
| Building and Improvements | (451,910) | (34,795) | 0 | (486,705) |
| Furniture and Equipment | (116,679) | 9,704 | 0 | (106,975) |
| Total Accumulated Depreciation | <u>(568,589)</u> | <u>(25,091)</u> | <u>0</u> | <u>(593,680)</u> |
| Total Capital Assets Being Depreciated, Net | <u>1,674,062</u> | <u>16,244</u> | <u>0</u> | <u>1,690,306</u> |
| Capital Assets, Net | <u>\$1,693,062</u> | <u>\$23,956</u> | <u>\$0</u> | <u>\$1,717,018</u> |

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

6. DEBT

The School has a line of credit from National City Bank that was issued on June 29, 2005, in the amount of \$50,000, and is due on demand. The interest on this promissory note is variable and is secured by a third mortgage on the School's premises. The principal paid towards the line of credit was \$10,500, leaving a balance outstanding of \$17,900 as of June 30, 2011.

Long-term debt outstanding for the School as of June 30, 2011 was as follows:

| | Description | Balance 06/30/10 | Additions | Deletions | Balance 06/30/11 | Due Within One Year |
|-----|--------------------|-----------------------------|------------------|------------------|-----------------------------|--------------------------------|
| (a) | Mortgage | \$264,875 | \$0 | \$58,861 | \$206,014 | \$58,861 |
| (b) | Note | 0 | 35,000 | 0 | 35,000 | 2,317 |

(a) The mortgage from PNC Bank (formerly National City Bank) was refinanced on November 15, 2009, in the amount of \$299,210. The note has a maturity date of November 15, 2014. The interest on this promissory note is variable and was 3.75 percent at June 30, 2011.

(b) The promissory note from PNC Bank was effective June 30, 2011 in the amount of \$35,000 to help finance the second floor renovation project. The notes mature on June 30, 2016 at an interest rate of 3.25%.

Principal and interest requirements to retire long term debt, including notes and loans outstanding at June 30, 2011 are as follows:

| Fiscal Year Ending June 30, | Mortgage Payable | | |
|--------------------------------|------------------|-----------------|------------------|
| | Principal | Interest | Total |
| 2012 | \$58,861 | \$6,714 | \$65,575 |
| 2013 | 58,861 | 4,507 | 63,368 |
| 2014 | 58,861 | 2,299 | 61,160 |
| 2015 | 29,431 | 322 | 29,753 |
| Total | \$206,014 | \$13,842 | \$219,856 |

| Fiscal Year Ending June 30, | Note Payable | | |
|--------------------------------|-----------------|----------------|-----------------|
| | Principal | Interest | Total |
| 2012 | \$2,317 | \$1,120 | \$3,437 |
| 2013 | 3,178 | 1,024 | 4,202 |
| 2014 | 3,282 | 920 | 4,202 |
| 2015 | 3,391 | 811 | 4,202 |
| 2016 | 22,832 | 985 | 23,817 |
| Total | \$35,000 | \$4,860 | \$39,860 |

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

7. RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended 2011, the School contracted with Argonaut Insurance Company for insurance. Coverage provided by Argonaut Insurance Company includes the following with a \$1,000 deductible in total:

| | |
|--|-------------|
| General Liability: | |
| Per occurrence | \$1,000,000 |
| Personal Injury | 1,000,000 |
| Total per year | 3,000,000 |
| Automobile Liability | 1,000,000 |
| Building and Contents | 4,000,000 |
| Excess Liability Umbrella (per occurrence/aggregate) | 1,000,000 |
| Employee Dishonesty (\$250 deductible) | 50,000 |
| Forgery (\$250 deductible) | 50,000 |
| Money and Securities (\$250 deductible) | 10,000 |

B. Worker's Compensation

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

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

8. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and School 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, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were \$9,809, \$8,123, and \$5,598, respectively; 96 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System

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

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DCI Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% 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.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

8. DEFINED BENEFIT PENSION PLANS (continued)

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 for 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, 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.

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 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 of \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

8. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$70,611, \$60,581, and \$45,696, respectively; 86 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$5,182 made by the District and \$3,701 made by the plan members.

9. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

9. POSTEMPLOYMENT BENEFITS (continued)

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

The School's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,188, \$292, and \$2,617 respectively; 96 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal year ended June 30, 2011, 2010, and 2009 were \$631, \$483, and \$406, 96 percent has been contributed for fiscal year 2011 with 100% for fiscal year 2010 and 2009.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$5,432, \$4,660, and \$3,515 respectively; 86 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

10. OTHER EMPLOYEE BENEFITS

Full-time teachers are entitled to eight days of sick leave a year. Administrative staff, including the administrative assistant, are entitled to eight days of sick leave a year. Full-time employees receive two personal days per calendar year. Part-time employees receive no personal days per calendar year. Unused personal days are forfeited.

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

11. RESTRICTED ASSETS

At June 30, 2011 the School reported net assets totaling \$28,792. The nature of the net assets restrictions are as follows:

| | |
|---|-----------------|
| School restricted budget reserve | \$20,000 |
| Federal specific educational program grants | 8,792 |
| Total | <u>\$28,792</u> |

12. CONTINGENCIES

A. Grants

The School receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School at June 30, 2011.

13. PURCHASED SERVICES

For the period July 1, 2010 through June 30, 2011, purchased service expenses were payments for services rendered by various vendors, as follows:

| | |
|-------------------------------------|------------------|
| Professional and Technical Services | \$385,139 |
| Utilities | 39,321 |
| Communications | 2,959 |
| Property Services | 23,618 |
| Other | 11,290 |
| Total Purchased | <u>\$462,327</u> |



Dave Yost • Auditor of State

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

Dohn Community High School
Hamilton County
608 East McMillan Avenue
Cincinnati, Ohio 45206

To the Board of Trustees:

We have audited the financial statements of Dohn Community High School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated February 1, 2012. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated February 1, 2012.

We intend this report solely for the information and use of management, the audit committee, Board of Trustees, the 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 1, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Dohn Community High School
Hamilton County
608 East McMillan Avenue
Cincinnati, Ohio 45206

To the Board of Trustees:

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

1. We noted the Board amended its anti-harassment policy at its meeting on March 29, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 1, 2012

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577
www.auditor.state.oh.us

This page intentionally left blank.



Dave Yost • Auditor of State

DOHN COMMUNITY HIGH SCHOOL

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 16, 2012**