DOHN COMMUNITY HIGH SCHOOL

Basic Financial Statements

Year Ended June 30, 2007

with

Independent Auditors' Report

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Dohn Community High School, Hamilton County, prepared by Foxx & Company, for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 30, 2008

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Dohn Community High School

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INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees

We have audited the accompanying basic financial statements of the Dohn Community High School, Hamilton County, Ohio (the School), as of and for the years ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with auditing principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2008 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

April 18, 2008

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007
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, 2007. The intent of this discussion and analysis is to look at the Schools financial performance as a whole; readers should also review the notes to the basic financial statement and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- For fiscal year 2007 assets exceeded liabilities by $1,335,663
- The School derived 96 percent of their revenues through federal and state programs.
- Salaries and wages accounted for 48.58 percent of the $1,019,906 in operating expenses for fiscal year 2007.

Using this Annual Financial Report and Overview of Financial Statements

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

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

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

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

Table 1 provides a summary of the School's net assets for fiscal year 2007 compared to fiscal year 2006:

Table 1
Net Assets

	2007	2006	Change
Assets			
Current assets	$ 78,928	$ 111,829	$ (32,901)
Capital assets, net	1,885,517	1,967,588	(82,071)
Total assets	1,964,445	2,079,417	(114,972)
Liabilities			
Current liabilities	242,101	203,003	39,098
Long term liabilities	386,681	449,817	(63,136)
Total liabilities	628,782	652,820	(24,038)
Net Assets			
Invested in capital assets	1,473,730	1,413,978	59,752
Restricted	30,297	30,297	-
Unrestricted	(168,364)	(17,678)	(150,686)
Total net assets	$ 1,335,663	$ 1,426,597	$ (90,934)

The School saw assets decrease with the depreciation on capital assets of $82,071 and reduction in cash balances that helped reduce the liabilities. The School continued towards reducing its debt load with over an eight percent reduction in the line of credit and construction loan.

Table 2 shows the changes in net assets for the year ended 2007 as compared to fiscal year 2006.

Table 2
Change in Net Assets

	2007	2006	Change
Revenues			
Operating revenues:			
Foundation payments	$ 620,272	$ 586,672	$ 33,600
Poverty based assistance	6,478	14,289	(7,811)
Special education	43,412	97,858	(54,446)
Classroom fees	5,118	5,056	62
Charges for services	4,458	-	4,458
Other operating revenues	27,428	19,033	8,395
Non-operating revenues:			
Federal and state grants	253,321	187,199	66,122
Contributions and donations	3,000	348,596	(345,596)
Interest	-	151	(151)
Total revenues	963,487	1,258,854	(295,367)
Expenses			
Operating expenses:			
Salaries	495,442	486,615	8,827
Fringe benefits	165,603	119,705	45,898
Purchased services	244,396	171,937	72,459
Materials and supplies	13,033	30,982	(17,949)
Depreciation	82,071	84,950	(2,879)
Other expenses	19,361	46,227	(26,866)
Non-Operating Expenses:			
Interest and fiscal charges	34,515	41,843	(7,328)
Total Expenses	1,054,421	982,259	72,162
Change in Net Assets	(90,934)	276,595	(367,529)
Beginning Net Assets	1,426,597	1,150,002	276,595
Ending Net Assets	1,335,663	1,426,597	(90,934)

The School saw a significant decrease in the revenues from 2006 to 2007 mainly to due to the contributions it received in 2006. The School cannot count on such contributions in future years as a sustainable revenue source and must monitor expenses to ensure the School will operate for many years. One of the largest expense areas to increase was fringe benefits as the cost to provide healthcare to employees continues to grow across many local governments.

Capital Assets

At the end of fiscal year 2007 the School had $1,885,517 (net of $335,483 in accumulated depreciation) invested in building and improvements and furniture and equipment. Table 3 shows fiscal year 2007 balances compared to fiscal year 2006:

Capital Asset at Year End
(Net of Depreciation)

	2007	2006	Change
Land	$ 19,000	$ 19,000	$ -
Buildings & improvements	1,866,517	1,936,772	(70,255)
Furniture, fixtures, and equipment	-	11,816	(11,816)
Totals	$ 1,885,517	$ 1,967,588	$ (82,071)

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

Debt

At June 30, 2007, the School had two lines of credit and a mortgage with National City Bank that totaled $495,805. For more information on the School's debt refer to Note 6 of the notes to the financial statements.

Current Financial Issues

The School's financial relationship with KIDS aids in the improvements in the quality of financial records and strengthens internal controls. During the 2007 school year, the School hired a full time accountant and there were approximately 96 students enrolled in the School. The School receives its finances mostly from state aid. Per pupil aid for fiscal year 2007 amounted to $6,984 per student.

Contacting the School's Financial Management

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

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
STATEMENT OF NET ASSETS
As of June 30, 2007

ASSETS	
Current assets	
Cash and cash equivalents	$ 71,232
Intergovernmental receivable	3,700
Prepaid items	3,996
Total current assets	78,928
Noncurrent assets	
Land	19,000
Capital assets, net	1,866,517
Total non-current assets	1,885,517
Total assets	1,964,445
LIABILITIES	
Current liabilities	
Accounts payable	41,123
Accrued wages and benefits payable	52,425
Intergovernmental payable	39,429
Line of credit payable	49,954
Current portion of long term debt	59,170
Total current liabilities	242,101
Long term debt less current portion	386,681
Total liabilities	628,782
NET ASSETS	
Investment in capital assets, net of related debt	1,473,730
Restricted	30,297
Unrestricted	(168,364)
Total net assets	$ 1,335,663

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, 2007

Operating Revenues	
Foundation payments	$ 620,272
Poverty based assistance	6,478
Special education	43,412
Classroom fees	5,118
Charges for services	4,458
Other operating revenues	27,428
Total operating revenues	707,166
Operating Expenses	
Salaries	495,442
Fringe benefits	165,603
Purchased services	244,396
Materials and supplies	13,033
Depreciation	82,071
Other operating expenses	19,361
Total operating expenses	1,019,906
Operating loss	(312,740)
Non-Operating Revenues and Expenses	
Operating grants - State	3,000
Operating grants - Federal	253,321
Intrerest and fiscal charges	(34,515)
Total non-operating revenues and (expenses)	221,806
Change in net assets	(90,934)
Net assets at beginning of year	1,426,597
Net assets at end of year	$ 1,335,663

See accompanying notes to the basic financial statements

DOHN COMMUNITY HIGH SCHOOL
HAMILTON, OHIO
STATEMENT OF CASH FLOWS
for the Fiscal Year Ended June 30, 2007

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash received from State of Ohio - Foundation	$ 670,162
Cash received from classroom materials and fees	5,393
Cash received from other operating revenues	35,983
Cash payments for personal services	(690,922)
Cash payments for contract services	(183,960)
Cash payments for supplies and materials	(10,360)
Cash payments for other expenses	(14,361)
Net Cash Used for Operating Activities	(188,065)
Cash Flows from Noncapital Financing Activities	
Cash received from state and federal grants	270,016
Net Cash Provided by Noncapital Financing Activities	270,016
Cash Flows from Capital and Related Financing Activities	
Principal paid on debt obligations	(57,804)
Interest paid on debt obligations	(35,764)
Net Cash Used for Capital and Related Financing Activities	(93,568)
Net Increase in cash and cash equivalents	(11,617)
Cash and cash equivalents at beginning of year	82,849
Cash and Cash Equivalents at End of Year	$ 71,232

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, 2007
(Continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	$ (312,740)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	82,071
Changes in assets and liabilities:	
Increase in accounts receivable	(3,632)
Increase in intergovernmental receivable	(3,996)
Decrease in prepaid items	15,217
Decrease in accounts payable	36,251
Increase in accrued wages payable	(22,089)
Decrease in due to students	(170)
Decrease in intergovernmental payable	21,023
Total Adjustments	124,675
Net Cash Used for Operating Activities	$ (188,065)

See accompanying notes to the basic financial statements

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

1. DESCRIPTION OF THE REPORTING ENTITY

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

The School was approved for operation under a contract with the Ohio State Board of Education (the Sponsor) for a period of five years commencing March 14, 2000. 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 sponsor as of June 30, 2007 was Kids Count of Dayton, Inc.

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

The Board hires the Superintendent, who hires all other staff, and manages the day-to-day operations of the School. The Board controls the School's one instructional/support facility staffed by 5 non-certified and 4 certificated full time teaching personnel who provide services to 96 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus

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

C. Budgetary Process

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

D. Cash and Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in separate accounts in the School's name.

Monies for the School are maintained in these accounts or temporarily used to purchase short-term investments.

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

E. Capital Assets and Depreciation

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

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

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

Description	Estimated Lives
Building and Improvements	30
Furniture and Equipment	3

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program, 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 have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the year ended June 30, 2007 totaled $926,483.

G. Net Assets

Net assets represent the difference between assets and liabilities. Invested in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School presently has no restricted net assets.

H. Estimates

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

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily the State Foundation Program, Poverty Based Assistance Program, the State Special Education Program and specific charges to the students or user of the School. Operating expenses are necessary costs incurred to provide the good or service that 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, 2007, the carrying amount of the School's deposits was $71,232 and the bank balance was $107,885. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure, as of June 30, 2007, $100,000 was covered by the Federal Depository Insurance Corporation and $7,885 was exposed to custodial credit risk.

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

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

4. RECEIVABLES

Receivable at June 30, 2007 consists of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

Intergovernmental	Amount
Hamilton County Case Manager	$ 3,928
Title VI Grant	37
Drug Free Act Grant	31
Total Intergovernmental Receivable	$ 3,996

DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007:

	Balance 6/30/2006	Additions	Deductions	Balance 6/30/2007
Capital Assets Not Being Depreciated				
Land	$ 19,000	$ -	$ -	$ 19,000
Capital Assets Being Depreciated				
Buildings & Improvements	2,107,662	-	-	2,107,662
Furniture, Fixtures, and Equipment	94,338	-	-	94,338
Total Capital Assets Being Depreciated	2,202,000	-	-	2,202,000
Less Accumulated Depreciation:				
Buildings	(170,890)	(70,255)	-	(241,145)
Furniture, Fixtures, and Equipment	(82,522)	(11,816)	-	(94,338)
Total Accumulated Depreciation	(253,412)	(82,071)	-	(335,483)
Total Capital Assets Being Depreciated, Net	1,948,588	(82,071)	-	1,866,517
Total Capital Assets, Net of Accum. Dep.	$ 1,967,588	$ (82,071)	$ -	$ 1,885,517

6. DEBT

Long-term debt outstanding for the School as of June 30, 2007 was as follows:

	Description	Balance 06/30/06	Additions	Deletions	Balance 06/30/07	Due Within One Year
(A)	Line of credit #1	$ 58,790	$ -	$ 24,726	$ 34,064	$ 22,576
(B)	Mortgage	444,865	-	33,078	411,787	36,594
	Total	$ 503,655	$ -	$ 57,804	$ 445,851	$ 59,170

Dohn has a second line of credit from National City Bank that was issued on June 29, 2005, in the amount of $71,000, 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 balance outstanding as of June 30, 2007 was $49,954.

(A) The Line of Credit #1 from National City Bank was issued on June 15, 2005, in the amount of $100,000. The note has a maturity date of June 15, 2009. The interest on this line of credit is variable and was 9 percent at June 30, 2006.

(C) The mortgage from National City Bank was issued on June 29, 2005, in the amount of $500,000. The note has a maturity date of October 15, 2009. The interest on this promissory note is variable and was 8.75 percent at June 30, 2007.

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2007 are as follows:

Fiscal Year Ending June 30,	**Principal**	**Interest**	**Total**
2008	$ 59,170	$ 36,737	$ 95,907
2009	51,416	31,546	82,962
2010	43,565	27,616	71,181
2011	47,534	23,647	71,181
2012	51,864	19,317	71,181
2013-2016	192,302	27,892	220,194
Totals	$ 445,851	$ 166,755	$ 612,606

7. RISK MANAGEMENT

A. Insurance Coverage

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended 2007, the School contracted with Philadelphia Insurance for property and general liability insurance.

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

B. Workers' Compensation

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

C. Employee Medical, Dental and Life Benefits

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

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salary and the School was required to contribute an actuarially determined rate. The employer rate for fiscal year 2006 was 14 percent of annual covered payroll; 10.57 percent was the portion used to fund pension obligations. 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 School's required contribution for pension obligations to SERS for the fiscal years ending June 30, 2007, 2006, and 2005 were $8,884; $9,984; and $6,178; respectively, 92 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. The balance is recorded as an intergovernmental payable.

B. State Teachers Retirement Systems (STRS)

The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation. The Combined Plan offers features of the DC Plan and the DB. In the Combined Plan, the member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from 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 the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

For the fiscal year ended June 30, 2007, 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. The School's required contribution for pension obligations for the fiscal years ended June 30, 2007, 2006, and 2005 were $44,927; $62,230; and $62,344; respectively, 90 percent has been contributed for fiscal year 2007 and 100 percent has been contributed for fiscal years 2006 and 2005.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio 2007 Comprehensive Annual Financial Report will be available after January 1, 2008. Additional information or copies of STRS Ohio's 2007 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Board St., Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

9. POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current plan includes hospitalization, physicians' fees prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Pursuant to the Revised Code (R.C.) the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio Law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For fiscal year June 30, 2007, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School, this amount equaled $3,456 for the fiscal year ended June 30, 2007.

B. School Employees Retirement System

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50 percent for those who apply.

For this period, employer contributions to fund health care benefits were 3.32 percent covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the year ended 2007, the minimum pay had been established at $35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School, the amount to fund health care benefits, including surcharge, was $2,762 for the year ended June 30, 2007.

Health Care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2006 were $158,751,207 and the target level was $238.1 million. At June 30, 2003, the Retirement System's net assets available for payment of health care benefits as $295.6 million. The number of benefit recipients currently receiving health care benefits is approximately 59,492.

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 ten days of sick leave a year. Full-time employees receive two personal days per calendar year. Part-time employees receive one personal day per calendar year. Unused personal days are forfeited.

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

11. CONTINGENCIES

A. Grants

The School receives financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School at June 30, 2007.

B. Pending Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (i.e., Charter) Schools program violates the state Constitution and state laws. On April 21, 2003, the Court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed and the case was heard on November 18, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The Ohio Supreme Court accepted the appeal from the Court of Appeals for review on February 16, 2005. Oral argument occurred November 29, 2005. On October 25, 2006, the Ohio Supreme Court ruled that the Community Schools are constitutional.

12. PURCHASED SERVICES

For the period July 1, 2006 through June 30, 2007, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	$155,206
Property services	16,685
Communications	7,329
Utilities	50,863
Other	14,313
Total purchased services	$244,396

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

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

We have audited the financial statements of the Dohn Community High School (School), as of and for the year ended June 30, 2007, and have issued our report thereon dated April 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

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

We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting. The significant deficiency is reported as finding 2007-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the School's management in a separate letter dated April 18, 2008.

Compliance and Other Matters

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

We also noted certain noncompliance or other matters that we reported to the School's management in a separate letter dated April 18, 2008.

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

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

April 18, 2008
Cincinnati, Ohio

DOHN COMMUNITY HIGH SCHOOL
SCHEDULE OF FINDINGS
for the year ended June 30, 2007

Finding Number	2007-001

Significant Deficiency – Cash Receipts

Criteria **–** Good internal control requires that cash receipts be deposited on a daily basis, and proper support be maintained for the receipts.

Condition **–** 5 of 25 receipts tested could not be traced to a specific deposit.

Effect **–** Controls are not in place to prevent misappropriation of cash. Furthermore, without appropriate documentation, the completeness of these deposits cannot be assured.

Cause **–**The School did not reconcile receipts received to specific deposit tickets.

Recommendation **–** We recommend that the School prepare of listing of associated receipts for each deposit.

Views of responsible officials and planned corrective actions

We have implemented the following that will ensure all monies received are deposited within 24 hours of being received:

1. We have told all staff that it is necessary to provide all receipts to the fiscal office within 24 hours of being received.

2. We have developed a receipt that must be signed by the staff person providing money to the fiscal office and fiscal office staff person receiving the receipt.

DOHN COMMUNITY HIGH SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2007

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Or Finding No Longer Valid; Explain:
2006-001	Activity of all bank accounts included in the entity's financial statements.	Yes	Finding No Longer Valid; All identified bank accounts are included in the financial statements
2005-002	Documentation for cash receipts missing	No	Not corrected; Reissued as finding 2007-01.
2005-003	Teacher's certification not on file.	Yes	Corrected. All Certified teachers had certificates on file.

Mary Taylor, CPA
Auditor of State

DOHN COMMUNITY HIGH SCHOOL

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 12, 2008

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