MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Mahoning Valley Opportunity Center
Mahoning County
496 Glenwood Avenue
Youngstown, Ohio 44502

To the Governing Board:

We have audited the accompanying financial statements of the Mahoning Valley Opportunity Center, Mahoning County, Ohio (the "Center"), as of and for the year ended June 30, 2009, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Center'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 Mahoning Valley Opportunity Center, Mahoning County, Ohio, as of June 30, 2009, and the respective changes in financial position and 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 June 4, 2010, on our consideration of the Center'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.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949
www.auditor.state.oh.us

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 4, 2010

MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The management's discussion and analysis of the Mahoning Valley Opportunity Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets were $424,871 at June 30, 2009.
- The Center had operating revenues of $927,403, operating expenses of $924,754, and non-operating revenues of $77,977 for the fiscal year ended June 30, 2009. Total change in net assets for the fiscal year was an increase of $80,626.

Using these Basic Financial Statements

This annual report consists of the MD&A, the basic financial statements and notes to those statements. These statements are organized so the reader can understand the Center's financial activities. The S*tatement of Net Assets* and *Statement of Revenues, Expenses and Changes in Net Assets* provide information about the activities of the Center, including all short-term and long-term financial resources and obligations.

Reporting the Center's Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The Statement of Cash Flows provides information about how the Center finances and meets the cash flow needs of its operations. The Statement of Cash Flows can be found on page 9 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 10-19 of this report.

MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The table below provides a summary of the Center's net assets at June 30, 2009 and June 30, 2008.

Net Assets

	June 30, 2009	June 30, 2008
Assets		
Current assets	$ 598,985	$ 858,118
Capital assets, net	121,709	114,773
Total assets	720,694	972,891
Liabilities		
Current liabilities	295,823	628,646
Total liabilities	295,823	628,646
Net Assets		
Invested in capital assets	121,709	114,773
Unrestricted	303,162	229,472
Total net assets	$ 424,871	$ 344,245

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the Center's net assets were $424,871.

At year-end, capital assets, net of accumulated depreciation, represented 16.89% of total assets. Capital assets consisted of furniture and computer equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY, OHIO

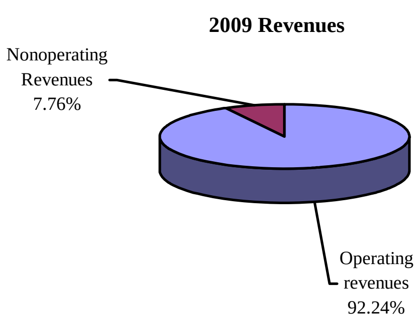
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

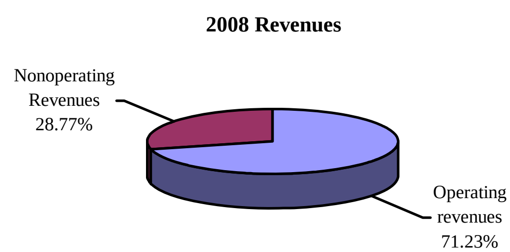
The table below shows the changes in net assets for the fiscal years ended June 30, 2009, and June 30, 2008.

Change in Net Assets

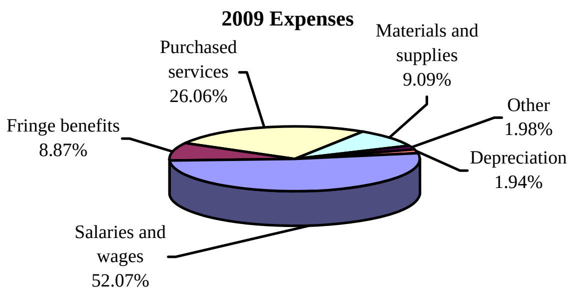
	June 30, 2009	June 30, 2008
Operating Revenues:		
State foundation	$ 927,376	$ 943,054
Other	27	12
Total operating revenue	927,403	943,066
Operating Expenses:		
Salaries and wages	481,484	407,713
Fringe benefits	81,995	98,430
Purchased services	240,950	487,843
Materials and supplies	84,017	87,105
Depreciation	17,981	11,655
Other	18,327	7,322
Total operating expenses	924,754	1,100,068
Non-operating Revenues:		
Federal and State grants	76,047	361,699
Interest revenue	1,930	19,261
Total non-operating revenues	77,977	380,960
Change in net assets	80,626	223,958
Net assets at the beginning of the year	344,245	120,287
Net assets at the end of the year	$ 424,871	$ 344,245

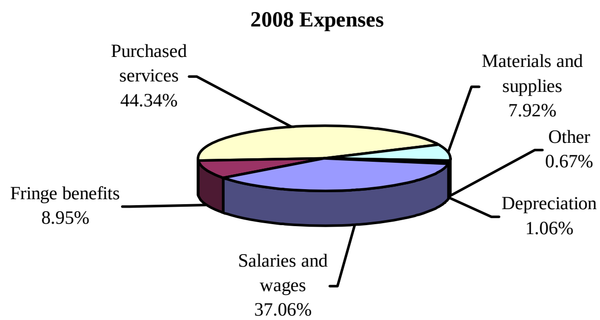
The chart below illustrates the revenues for the Center during the fiscal years ended June 30, 2009 and June 30, 2008:





The chart below illustrates the expenses for the Center during the fiscal years ended June 30, 2009 and June 30, 2008:





Capital Assets

At June 30, 2009, the Center had $121,709 invested in furniture and computer equipment. See Note 6 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The Center is sponsored by Youngstown City School District. The Center is reliant upon State Foundation monies and State and Federal Grants to offer quality, educational services to students.

In order to continually provide learning opportunities to the Center's students, the Center will apply resources and to best meet the needs of its students. It is the intent of the Center to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Center's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ed Sobnosky, Treasurer, Mahoning Valley Opportunity Center, P.O. Box 549, Youngstown-Pittsburg Road, New Middletown, Ohio 44442.

MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets:		
Current assets:		
Cash and cash equivalents.	$	545,913
Receivables:		
Intergovernmental.		31,830
Prepayments		21,242
Total current assets		598,985
Non-current assets:		
Capital assets, net.		121,709
Total assets		720,694
Liabilities:		
Current:		
Accrued wages and benefits		7,757
Compensated absences payable.		3,715
Intergovernmental payable		280,802
Pension obligation payable		3,549
Total liabilities		295,823
Net Assets:		
Invested in capital assets		121,709
Unrestricted		303,162
Total net assets	$	424,871

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Operating revenues:		
State foundation.	$	927,376
Other.		27
Total operating revenues		927,403
Operating expenses:		
Salaries and wages		481,484
Fringe benefits		81,995
Purchased services.		240,950
Materials and supplies		84,017
Depreciation		17,981
Other		18,327
Total operating expenses.		924,754
Operating income		2,649
Non-operating revenues:		
Federal and State grants.		76,047
Interest revenue		1,930
Total non-operating revenues		77,977
Change in net assets		80,626
Net assets at the beginning of the year.		344,245
Net assets at the end of the year	$	424,871

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MAHONING VALLEY OPPORTUNITY CENTER
MAHONING COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Cash flows from operating activities:		
Cash received from State foundation.	$	1,014,538
Cash received from other operations		27
Cash payments for personal services.		(609,959)
Cash payments to suppliers for goods and services . .		(621,386)
Cash payments for materials and supplies		(84,017)
Cash payments for other expenses		(18,327)
Net cash used in operating activities		(319,124)
Cash flows from noncapital financing activities:		
Federal and state grants.		173,303
Net cash provided by noncapital financing activities		173,303
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(24,917)
Net cash used in capital and related financing activities		(24,917)
Cash flows from investing activities:		
Interest received		1,930
Net cash provided by investing activities		1,930
Net decrease in cash and cash equivalents		(168,808)
Cash and cash equivalents at the beginning of the year . .		714,721
Cash and cash equivalents at the end of the year	$	545,913
Reconciliation of operating loss to net cash used in operating activities:		
Operating income	$	2,649
Adjustments:		
Depreciation.		17,981
Changes in assets and liabilities:		
Increase in prepayments		(20,407)
Decrease in intergovernmental receivable		13,476
Increase in accrued wages and benefits		1,658
Increase in compensated absences payable		960
Decrease in intergovernmental payable		(338,990)
Increase in pension obligation payable.		3,549
Net cash used in operating activities	$	(319,124)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE CENTER

The Mahoning Valley Opportunity Center (the "Center") was established pursuant to Ohio Revised Code Chapters 3314 and 3314.03 to establish a new conversion school in the Youngstown City School District (the "Sponsor") addressing the needs of students in grades 9-12. The Center, which is part of the State's education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Center may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Center. The Center is established and operated as a public benefit corporation in accordance with Chapter 1702 of the Ohio Revised Code.

The Center is designed to provide an educational environment in which students are given the opportunity to become successful learners guided by high expectations, for students in grades 9 through 12, ages 15 through 22. Enrollment is limited to students within Mahoning County. The Center uses the services of the Sponsor to assist with overall operations.

The Center was approved under contract with the Sponsor for a period of two years commencing January 13, 2007 through June 30, 2009. Thereafter, the Sponsor may renew the contract for additional one-year terms from July 1st to June 30th, not to exceed five years from the date of commencement, or June 30, 2010, whichever is sooner. After which, the Center must apply for an additional contract with the Sponsor. The Sponsor is responsible for evaluating the performance of the Center and has the authority to deny renewal of the contract at the expiration of any one-year term.

The Sponsor shall evaluate the performance of the Center according to the standards set forth in its Comprehensive Plan and Education Program. The Sponsor is not legally responsible for the final outcome of the community school. Upon dissolution of the Center, any assets remaining shall be conveyed to the Sponsor. The Sponsor, under a purchased services basis with the Center, provides planning, instructional, administrative and technical services.

The Center operates under the direction of a self-appointed five-member Governing Board. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Center is staffed by 10 certified full time teaching personnel and 9 non-certified staff members who provide services to 127 students, which ranks the Center 801st out of the 922 public school districts and community schools in the State of Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center also applied Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements did not conflict with or contradict GASB pronouncements. The Center had the option to also apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The Center elected not to apply these FASB Statements and Interpretations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Center's significant accounting policies are described below.

A. Basis of Presentation

The Center'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.

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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 Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the Center finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Center's basic financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded upon the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. 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 Section 5705, unless specifically provided in the Center's contract with its Sponsor. The contract between the Center and its Sponsor requires a detailed budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Cash

All monies received by the Center are deposited in a demand deposit account.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Center maintains a capitalization threshold of $5,000. The Center does not have 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 capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Furniture and equipment are depreciated over five to ten years.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Center had no restricted net assets at June 30, 2009.

The Center applies restricted resources first when an expense is incurred for which both restricted and unrestricted net assets are available.

H. Accrued Liabilities

The Center has recognized certain expenses due, but unpaid as of June 30, 2009. These expenses are reported as accrued liabilities in the accompanying financial statements.

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the statement of net assets. These items are reported as assets on the statement of net assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity. For the Center, these revenues are payments from the State Foundation Program. Operating expenses are necessary costs incurred to provide goods or services that are the primary activities of the Center. All revenues and expenses not meeting this definition are reported as non-operating.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Intergovernmental Revenue

The Center currently participates in the State Foundation Program, the State of Ohio Educational Management Information System grant, and the State community school start-up grant. Revenues received from these programs are recognized as 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 Center must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the Center on a reimbursement basis.

The amount of these grants is directly related to the number of students enrolled in the Center. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency calculations made by the Center. These reviews are conducted to ensure the schools and centers are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. This review resulted in an overpayment to the Center in the amount of $73,686. This amount is reflected as an intergovernmental payable on the basic financial statements.

The Center also participates in the Federal Charter School Grant Program through the Ohio Department of Education, EMIS grant, Idea VI-B grant, Title I grant, Title V grant, Drug Free School grant, and Improving Teacher Quality grant. Money received under these programs is recognized as non-operating revenue in the accompanying financial statements, unless it is restricted for capital acquisitions in which case it is recognized as a capital contribution. The remaining grants and entitlements received by the Center are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met. Federal and State grant revenue for fiscal year 2009 was $76,047.

L. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Tax Exemption Status

The Center is a community school established under Chapter 3314 of Ohio Revised Code and thus, in the opinion of legal counsel, is exempt from federal income taxes due to the Center's designation as a political subdivision, as defined by Ohio Revised Code §2744.01(F).

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2009, the Center has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the Center.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the Center.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the Center.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the Center.

NOTE 4 - DEPOSITS

At June 30, 2009, the carrying amount of the Center's deposits was $545,913. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, $442,925 of the Center's bank balance of $692,925 was exposed to custodial risk as discussed below while $250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank 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 Center. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

NOTE 5 - PURCHASED SERVICES

For the period ended June 30, 2009, purchased services expenses were as follows:

Professional and technical services	$ 147,737
Property services	70,975
Communications	1,184
Travel and meetings	5,882
Tuition	8,315
Pupil transportation	5,689
Others	1,168
Total	$ 240,950

NOTE 6 - CAPITAL ASSETS

A summary of the Center's capital assets at June 30, 2009 follows:

	Balance 07/01/08	Additions	Deletions	Balance 06/30/09
Capital assets:				
Capital assets, being depreciated:				
Furniture and equipment	$ 129,717	$ 24,917	$ -	$ 154,634
Total capital assets, being depreciated	129,717	24,917	-	154,634
Less: accumulated depreciation:				
Furniture and equipment	(14,944)	(17,981)	-	(32,925)
Total accumulated depreciation	(14,944)	(17,981)	-	(32,925)
Capital assets, net	$ 114,773	$ 6,936	$ -	$ 121,709

NOTE 7 - RECEIVABLES

Receivables at June 30, 2009 consisted of intergovernmental grants, in the amount of $31,830. All receivables are considered collectible in full due to the stable condition of State programs. All receivables are expected to be collected within one year.

NOTE 8 - BUILDING LEASE

The Center leases a suite of offices containing approximately 4,216 square feet of building space, and comprising rooms on the first floor and second floor of the building known as The Greater Mill Creek, Inc., located at 496 Glenwood Avenue, Youngstown, Ohio. The Center agreed to pay the sum of $5,233.33 of rent due on the first day of each month from July 1, 2008 through July 31, 2009. This amount was amended to $5,972.66 for the period August 1, 2009 through July 31, 2010. Total rental costs were $62,799.96 for the fiscal year ended June 30, 2009.

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The Center 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 fiscal year 2009, the Center contracted with Ohio Casualty for general liability insurance with a $1,000,000 each occurrence limit, and a $2,000,000 annual aggregate. The Center contracted with Ohio Casualty for property coverage with a limit of $105,000.

B. Workers' Compensation

The Center pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross salary by a factor of approximately one percent.

NOTE 10 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute at an actuarially determined rate. The current Center rate is 14 percent of annual covered payroll. A portion of the Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $20,799, $12,478 and $9,861, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

B. State Teachers Retirement System of Ohio

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

NOTE 10 - PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were $59,356, $35,427 and $24,027, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007. Neither the Center nor any of its employees made any contributions to the DC and Combined plans for fiscal year 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Governing Board have elected Social Security. The Center's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was $35,800.

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 Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were $11,546, $7,309 and $3,274, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were $1,716, $899 and $671, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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.

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

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 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Center's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $4,566, $2,725 and $1,848 respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

NOTE 12 - CONTINGENCY

A. Grants

The Center received financial assistance from federal and State agencies in the form of grants. The expenditure 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2009.

NOTE 13 - SERVICE AGREEMENT

The Center is obligated under contractual agreement with the Sponsor to pay the following fees:

Sponsor fees
The Center is required to pay the Sponsor 3% of the per pupil allocation paid to the Center from the State of Ohio for various oversight and management services. For the fiscal year ended June 30, 2009, the Center paid the Sponsor $30,032 in sponsor fees.

Management fees
The Center is required to pay the Sponsor up to ten percent (10%) of funds paid to the Center by the State of Ohio as a management fee. In addition, the Center is required to pay the Sponsor, 100% of the Center's fiscal year-end cash balance above $50,000 for all funds paid to the Center by the State of Ohio after payment of Center expenses and amounts encumbered at year-end. For the fiscal year ended June 30, 2009, the Center paid the Sponsor $100,106 in management fees. The Center has also recognized a liability in the amount of $80,308 for additional management fees owed under the contractual arrangement.

NOTE 14 - RELATED PARTY TRANSACTIONS

For the fiscal year ended June 30, 2009, the Center had expenses of $210,446 to their Sponsor. This total includes cash payments of $130,138 for sponsor and management fees and accrued expenses of $80,308 for additional management fees.

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

Mahoning Valley Opportunity Center
Mahoning County
496 Glenwood Avenue
Youngstown, Ohio 44502

To the Governing Board:

We have audited the financial statements of Mahoning Valley Opportunity Center, Mahoning County, Ohio (the "Center"), as of and for the year ended June 30, 2009, which collectively comprise the Center's basic financial statements and have issued our report thereon dated June 4, 2010. 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 Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Center's internal control over financial reporting.

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

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

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

We noted certain matters that we reported to the Center's management in a separate letter dated June 4, 2010.

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Compliance and Other Matters

As part of reasonably assuring whether the Center'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 noncompliance or other matters that we reported to the Center's management in a separate letter dated June 4, 2010.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 4, 2010

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mahoning Valley Opportunity Center
Mahoning County
496 Glenwood Avenue
Youngstown, Ohio 44502

To the Governing Board:

Ohio Revised Code Section 117.53 states "the Auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Mahoning Valley Opportunity Center (the "School") has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on June 29, 2009.

2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):

    (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

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

    (3) A procedure for reporting prohibited incidents;

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

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

    (6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

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

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

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

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

Mary Taylor, CPA
Auditor of State

June 4, 2010

Mary Taylor, CPA
Auditor of State

MAHONING VALLEY OPPORTUNITY CENTER

MAHONING 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 24, 2010

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