



Mary Taylor, CPA
Auditor of State

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

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Mary Taylor, CPA

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INDEPENDENT ACCOUNTANTS' REPORT

North Dayton School of Discovery
Montgomery County
3901 Turner Road
Dayton, Ohio 45415

To the Board of Directors:

We have audited the basic financial statements of North Dayton School of Discovery, Montgomery County, (the School), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the contract service fees incurred by the School during fiscal year 2009 which totaled \$5,889,908 as indicated in Note 10. Other auditors audited this amount and have furnished their report thereon to us and we base our opinion, insofar as it relates to the amount included in Note 10, on the report of the other auditors.

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. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. The other auditors audited the contracted services incurred by the School in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. 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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of North Dayton School of Discovery, Montgomery County, as of June 30, 2009, and the 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 January 5, 2010 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

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We conducted our audit to opine on the basic financial statements that collectively comprise the School's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures presents additional information and is required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is not a required part of the basic financial statements. We subjected this Schedule to the auditing procedures applied in our audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

January 5, 2010

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

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

The discussion and analysis of North Dayton School of Discovery's (the "School") financial performance provides an overall review of the School's financial activities through June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis ("MD&A") is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999.

Financial Highlights

For the fiscal year ended June 30, 2009, total assets were \$377,611, total liabilities were \$328,243, and total net assets were \$49,368.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows,

Reporting the School as a Whole

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

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

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report the activities for the School, which encompass all the School's services, including instruction, support services, community services, and food services. Unrestricted state aid and state and federal grants finance most of these activities. The School has entered into a management agreement (the "agreement") with National Heritage Academies, Inc. ("NHA") which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

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

The table below provides a summary of the School's net assets for fiscal years ended June 30:

	<u>2009</u>	<u>2008</u>
Assets:		
Current assets	\$367,687	\$347,618
Capital assets, net of accumulated depreciation	9,924	295
Total assets	<u>377,611</u>	<u>347,913</u>
Liabilities—current	<u>328,243</u>	<u>299,084</u>
Net assets:		
Invested in capital assets	9,924	295
Unrestricted	39,444	48,534
Total net assets	<u>\$ 49,368</u>	<u>\$ 48,829</u>

The unrestricted net assets represent the accumulated results of the School's operations to date. These assets can be used to finance day to day operations without constraints, such as legislative or legal requirements. The results of the current year operations for the School as a whole are reported in the Statement of Revenues, Expenses and Changes in Net Assets, which shows the change in net assets.

Statement of Revenues, Expenses and Changes in Net Assets

The table below shows the changes in net assets as well as a listing of revenues and expenses for the fiscal years ending June 30:

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Foundation payments	\$4,500,404	\$4,882,999
Food services	19,263	22,315
Other revenues	13,358	13,621
Total operating revenues	<u>4,533,025</u>	<u>4,918,935</u>
Operating expenses:		
Depreciation	817	42,748
Contracted service fee	5,889,908	5,868,817
Total operating expenses	<u>5,890,725</u>	<u>5,911,565</u>
Operating loss	(1,357,700)	(992,630)
Non-operating revenues:		
Federal grants	1,077,874	893,560
State grants	22,030	55,061
Private sources—NHA	258,335	
Total non-operating revenues	<u>1,358,239</u>	<u>948,621</u>
Change in net assets	<u>\$ 539</u>	<u>(\$ 44,009)</u>

As reported in the Statement of Revenues, Expenses and Changes in Net Assets, the cost of business activities was \$5,890,725. These activities were primarily funded by the School's state aid (based on student count) and governments and organizations that subsidized certain programs with grants. Revenues—Private sources —NHA represent a credit granted by NHA for the excess of School expenses over public revenues available.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

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

The School experienced an increase in net assets of \$539 in 2009. Under the terms of the agreement with NHA, NHA provides a spending account to the Board of Directors for discretionary expenditures. The primary reason for the change in net assets is the timing of these discretionary expenditures.

Capital Assets

At June 30, 2009, the School had \$9,924 invested in capital assets with purchases through the Charter School Grant and board discretionary funds, primarily other equipment. Capital assets are substantially provided as part of the agreement with NHA.

General Economic Factors

The School depends on legislative and governmental support to fund its operations. Based on information currently available, no significant changes are expected to occur in the nature of the funding or operations of the School in 2010.

Contacting the School's Financial Management

The financial report is designed to provide users of the report with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Ste, 201, Grand Rapids, MI 49512.

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**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	<u>2009</u>
Assets:	
Current Assets:	
Cash	\$46,274
Intergovernmental Receivable	<u>321,413</u>
Total Current Assets	<u>367,687</u>
Non-current Assets:	
Capital Assets (Net of accumulated depreciation)	<u>9,924</u>
Total Assets	<u>377,611</u>
Liabilities:	
Due to National Heritage Academies, Inc.	<u>328,243</u>
Total Liabilities	<u>328,243</u>
Net Assets:	
Invested in Capital Assets	9,924
Unrestricted for:	
Board Expenses	<u>39,444</u>
Total Net Assets	<u><u>\$49,368</u></u>

See accompanying notes to basic financial statements.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

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

	<u>2009</u>
Operating Revenues:	
Foundation Payments	\$4,500,404
Food Services	19,263
Other Revenues	<u>13,358</u>
Total operating revenues	<u>4,533,025</u>
Operating Expenses:	
Contracted service fee	5,889,908
Depreciation Expense	<u>817</u>
Total operating expenses	<u>5,890,725</u>
Operating Loss	(1,357,700)
Non-Operating Revenue:	
Federal grants	1,077,874
State grants	22,030
Private Sources - National Heritage Academies, Inc.	<u>258,335</u>
Total Non-operating revenues	<u>1,358,239</u>
Change in Net Assets	539
Net Assets - Beginning of Year	<u>48,829</u>
Net Assets - End of Year	<u><u>\$49,368</u></u>

See accompanying notes to the basic financial statements.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

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

	<u>2009</u>
Cash Flows From Operating Activities:	
Cash received from State of Ohio	\$4,500,404
Cash received from food services	19,263
Cash received from other operating revenue	13,358
Cash paid on behalf of the Academy for goods and services	<u>(5,859,718)</u>
Net cash used in operating activities	(1,326,693)
 Cash Flows From Non-Capital Financing Activities -	
Purchase of fixed assets	(10,446)
Federal grants received	1,047,684
State grants received	22,030
Support from private sources - National Heritage Academies, Inc.	<u>258,335</u>
Net cash from noncapital financing activities	1,317,603
 Net Increase (Decrease) in Cash	(9,090)
 Cash at Beginning of Year	<u>55,364</u>
 Cash at End of Year	<u>46,274</u>
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(1,357,700)
 Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	817
Changes in assets and liabilities - Increase in Due to National Heritage Academies, Inc.	<u>30,190</u>
 Net Cash Used in Operating Activities	<u><u>(\$1,326,693)</u></u>

See accompanying notes to the basic financial statements.

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**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

1. NATURE OF OPERATIONS

North Dayton School of Discovery (the "School") is an Ohio Public School Academy which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School operates under an approved charter received from Lucas County Educational Service Center ("LCESC"), which is responsible for oversight of the School's operations. The charter's term expires on May 14, 2012 at which time it will automatically renew on a year-to-year basis, unless at least 90 days written notice is given by either the School or LCESC.

The School provides education to students in kindergarten through the eighth grade, at no cost to the parent. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation.

The School was established and is operated as a nonprofit public benefit corporation under Chapter 1702 of the Ohio Revised Code and believes itself to be exempt from taxation under Internal Revenue Code Section 115(1) because its income is derived from the exercise of an essential governmental function and accrues to the State of Ohio. The School is eligible to receive charitable contributions deductible under Internal Revenue Code Section 170(c)(1).

The School's primary source of revenue is provided by the State of Ohio and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and was funded through payments from July through June for each fiscal year.

The School operates under the direction of a 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 entered into a management agreement (the "agreement") with National Heritage Academies, Inc. ("NHA") which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the management agreement, NHA also provides the facility in which the School operates. The facility lease term is from July 1st to June 30th and is renewable on a year to year basis. The agreement will continue until termination of the charter contract, inclusive of any charter contract renewals, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the School from all revenue sources. Revenues – private sources – National Heritage Academies, Inc. represent a contribution granted by NHA for the excess of School expenditures over public revenues available.

The Board of North Dayton School of Discovery serves in the same capacity for Pathway School of Discovery in Dayton, Ohio.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board ("FASB") statements and interpretations issued before December 18, 1989, provided they do not conflict with or contradict GASB pronouncements. The School does not apply FASB statements or interpretations issued after November 1989.

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

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Highlights

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 School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705. The School does prepare a 5 year projection as required by Ohio Revised Code Section 5705.391.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash

Cash as of June 30, 2009 represents bank deposits, which are covered by federal depository insurance. Accordingly, there are no investments which are required to be categorized according to risk.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets - As of the end of the fiscal year, the School had invested in capital assets purchased through the Charter School Grant, primarily equipment and board discretionary funds. Capital assets are substantially provided as part of the management agreement with NHA.

Capital assets, which include equipment and computers, are reported in statement of net assets financial statement. Capital assets are defined by the School as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost. Equipment and computers are depreciated using the straight-line method over the following useful lives:

Furniture and other equipment	5-20 years
Computers	3-5 years

G. Due to National Heritage Academies, Inc.

This amount consists of payments due to National Heritage Academies, Inc. for management services rendered in fiscal year 2009.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. There were no net assets restricted by enabling legislation.

I. Intergovernmental Revenues

The School currently participates in the State Foundation Program, the State Disadvantaged Pupil Impact Aid ("DPIA") Program, and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Certain grants and entitlements are recognized as non-operating revenue in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the fiscal year when use is 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.

The School also participates in various federal and state programs through the Ohio Department of Education. The programs the School participated in during the fiscal period of 2009, of which they were still owed for at June 30, 2009 include Title I, Title IIA, Title IID, Title V, School Improvement Grant, and National School Lunch and Breakfast. Revenue to be received from these programs is recognized as non-operating revenue in the accompanying financial statements.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

3. DEPOSITS AND INVESTMENTS

The following information classifies deposits by category of risk as defined in GASB Statement Number 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

Deposits: At June 30, 2009, the carrying amount of the School's deposits, and the bank balance of \$46,505, was covered by federal depository insurance.

4. INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables (Due From Other Governments) at June 30, 2009 consisted of grants and entitlements. All receivables are considered collectible within one year due to the stable condition of State programs, and the fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
Title I	\$270,519
Title IIA	19,208
Title IID	6,190
Title V	1,314
School Improvement Grant	8,195
National School Lunch and Breakfast	15,987
Total intergovernmental receivables	\$321,413

5. CAPITAL ASSETS

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

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Depreciable Capital Assets:				
Furniture	\$ 776			\$ 776
Equipment	155,048	\$10,446	(\$2,984)	162,510
Computers	87,299		(87,299)	
Total Depreciable Capital Assets	243,123	10,446	(90,283)	163,286
Less Accumulated Depreciation				
Furniture	(776)			(776)
Equipment	(154,753)	(817)	2,984	(152,586)
Computers	(87,299)		87,299	
Total Accumulated Depreciation	(242,828)	(817)	90,283	(153,362)
Capital Assets, Net	\$ 295	\$ 9,629	\$ 0	\$ 9,924

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies that cover certain risks of loss have been obtained through Indiana Insurance Company. The School has contracted for the following insurance coverages:

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

6. RISK MANAGEMENT (Continued)

<u>Type of Coverage</u>	<u>June 30, 2009</u>	<u>Deductible</u>
General Liability		
Each Occurrence	\$1,000,000	
Aggregate	5,000,000	
School Leaders Errors and Omissions		
Each Occurrence	1,000,000	
Aggregate	3,000,000	\$1,000
Commercial Umbrella Liability		
Each Occurrence and Aggregate	1,000,000	
<u>Type of Coverage</u>	<u>June 30, 2009</u>	<u>Deductible</u>
Sexual Misconduct and Molestation Liability		
Each Occurrence and Aggregate	\$1,000,000	
Commercial Property Coverage	25,000	\$1,000
Public Employee Dishonesty Coverage	500,000	500
Employers Stop Gap Liability Coverage		
Each Occurrence	1,000,000	
Aggregate	5,000,000	
Commercial Auto Coverage	1,000,000	

There have been no significant reductions in insurance coverage during fiscal year 2009, and claims did not exceed coverage during the past three fiscal years.

7. PENSION PLANS

A. School Employees Retirement System

Plan Description - The School 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 SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the School Employees Retirement System's Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ending June 30, 2009, the allocation to the pension and death benefits is 9.09 percent. The remaining 4.91 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$35,799, \$28,275 and \$28,232, respectively; 100 percent has been contributed for all years.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

7. PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio 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 Web site at www.strsoh.org.

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 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 School 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 School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$206,349, \$216,418 and \$191,857, respectively; 100 percent has been contributed for all years. Contributions to the DC and Combined Plans for fiscal year 2009 were \$8,230 made by the School and \$23,105 made by the plan members.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

7. PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security. Although the employees at the North Dayton School of Discovery are members of either SERS or STRS, NHA has also opted to enroll the employees in the Federal Insurance Corporation of America (Social Security). Each employee's liability is 6.2 percent of wages paid, and NHA's liability is 6.2 percent of total wages paid.

8. POST EMPLOYMENT BENEFITS

A. School Employees Retirement System

Postemployment Benefits

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

Medicare Part B Plan

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

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation is .75 percent.

The School's contributions for the years ended June 30, 2009, 2008 and 2007 were \$2,954, \$2,037, and \$1,920, respectively, which equaled the required contributions each year.

Health Care Plan

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

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

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

8. POST EMPLOYMENT BENEFITS (Continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation is 4.16 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800, and the surcharge amount was \$5,878.

The unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were \$16,383, \$12,903 and \$9,373, respectively.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

B. State Teachers Retirement System of Ohio

Plan Description - The School 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.

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 School's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$16,506, \$16,963 and \$15,081, respectively; 100 percent has been contributed for all years.

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

9. OPERATING LEASE

The School has entered into a sub-lease for classroom facilities with National Heritage Academies, Inc. located at 3901 Turner Road, Dayton, Ohio, 45415. The terms of the lease are for one year commencing on July 1, and ending on June 30. For fiscal year 2009, the rental amounts for the lease were \$797,436 annually, payable in equal monthly installments of \$66,453 each. In addition, the lease terms required the School to be responsible for all costs associated with the facilities including property taxes and maintenance costs.

10. CONTRACTED SERVICE FEE

NHA has informed the School that the contracted service fee includes payment for the following:

Direct Expenses:	2009
Salaries, wages, and benefits	\$2,688,939
Professional and technical services	324,997
Property services	964,468
Travel	114,296
Utilities	56,690
Contracted (trade) services	42,166
Purchased services	67,506
Books, periodicals and films	130,749
Food and related supplies	339,087
Supplies	167,203
Insurance and property taxes	137,918
Field trips and student activities	30,784
Equipment lease and purchases	128,086
Total Direct Expenses	5,192,889
Total Indirect Expenses (Overhead)	697,019
Total contracted service fee	\$5,889,908

NHA charges expenses benefiting more than one school (i.e. indirect overhead expenses) based on key cost drivers. These charges represent indirect cost of services provided in the operation of the Academy. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

11. RELATED PARTIES

The Board of North Dayton School of Science and Discovery serve in the same capacity for Pathway School of Discovery in Dayton, Ohio. National Heritage Academies, Inc. is also Pathway School of Discovery's management company.

12. CONTINGENCIES

A. Grants

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

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)**

12. CONTINGENCIES (Continued)

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in the State funding being adjusted. The School does not anticipate any material adjustments to State funding for fiscal year 2009, as a result of such a review.

13. SPONSORSHIP AGREEMENT

The School entered into a sponsorship agreement with the Lucas County Educational Service Center (LCESC). This agreement provides that LCESC receives approximately 1.5 percent of State Foundation funds received by the School from the State of Ohio. This amounted to \$67,506 for fiscal year 2009.

**NORTH DAYTON SCHOOL OF DISCOVERY
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Fiscal Year	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
United States Department of Agriculture						
(Passed through Ohio Department of Education)						
Child Nutrition Cluster:						
Cash Assistance:						
School Breakfast Program	10.553	2009	\$88,904		\$88,904	
		2008	13,303		13,303	
Total School Breakfast Program			102,207		102,207	
Non-Cash Assistance (Food Distribution)						
National School Lunch Program	10.555	2009		\$15,413		\$15,413
Cash Assistance						
National School Lunch Program	10.555	2009	207,153		207,153	
		2008	32,782		32,782	
Total National School Lunch Program			239,935	15,413	239,935	15,413
Total Nutrition Cluster			342,142	15,413	342,142	15,413
Total United States Department of Agriculture			342,142	15,413	342,142	15,413
United States Department of Education						
(Passed through Ohio Department of Education)						
Title I Grants to Local Educational Agencies	84.010	2009	326,058		377,802	
		2008	151,582		84,059	
Total Title I Grants			477,640		461,861	
Special Education Grants to States	84.027	2009	131,129		126,252	
		2008			73	
Total Special Education Grants			131,129		126,325	
State Grants for Innovative Programs	84.298	2009	50			
Education Technology State Grants	84.318	2009	1,859		7,955	
Improving Teacher Quality State Grants	84.367	2009	25,159		27,369	
		2008	2,487		1,322	
Total Improving Teacher Quality Grants			27,646		28,691	
School Improvement Grants	84.377		51,805		60,000	
Total United States Department of Education			690,129		684,832	
Total Federal Financial Assistance			\$ 1,032,271	\$15,413	\$1,026,974	\$15,413

The schedule of federal award receipts and expenditures is presented on the cash basis of accounting.

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Mary Taylor, CPA

Auditor of State

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

North Dayton School of Discovery
Montgomery County
3901 Turner Road
Dayton, Ohio 45415

To the Board of Directors:

We have audited the basic financial statements of the North Dayton School of Discovery, Montgomery County, (the School), as of and for the year ended June 30, 2009, and have issued our report thereon dated January 5, 2010, which indicated that the amounts presented in Note 10 were audited by other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A 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 School'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 School'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 School'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

Compliance and Other Matters

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

We intend this report solely for the information and use of the management, Board of Directors, the Community School's sponsor and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 5, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

North Dayton School of Discovery
Montgomery County
3901 Turner Road
Dayton, Ohio 45415

To the Board of Directors:

Compliance

We have audited the compliance of the North Dayton School of Discovery, Montgomery County, (the School), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the years ended June 30, 2009.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to administer a federal program such that there is more than a remote likelihood that the School's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Directors, the Community School's sponsor and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 5, 2010

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 - .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs - Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1 – CFDA #84.010, Nutrition Cluster: School Breakfast Program CFDA #10.553, National School Lunch Program #10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

North Dayton School of Discovery
Montgomery County
3901 Turner Road
Dayton, Ohio 45415

To the Board of Directors:

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

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

1. We noted the Board approved its anti-harassment policy at its meeting on July 16, 2008.
2. We read the policy, to determine if it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A 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;

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- 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.

The policy adopted by the School did not include item 10 of the above requirements.

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

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



Mary Taylor, CPA
Auditor of State

January 5, 2010



Mary Taylor, CPA
Auditor of State

**NORTH DAYTON SCHOOL OF DISCOVERY
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 4, 2010**