



Mary Taylor, CPA
Auditor of State

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sciotoville Community School, Scioto County, Ohio, as of June 30, 2009, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 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.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by US Office of Management and Budget Circular A-133, *Audits of States Local Governments and Non-Profit Organizations* and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the 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

May 20, 2010

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of the Sciotoville Community School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended 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.

Financial Highlights

- Net assets increased \$403,760, which was primarily due to the inclusion of the Sciotoville Elementary Academy (the Academy), a blended component unit, in the School's financial statements.

- Total assets increased \$365,979, which was primarily due to the inclusion of the Academy's cash and cash equivalents and capital assets in the School's financial statements. The increase of cash and cash equivalents of the Academy was primarily due to the receipt of the federal startup grant and poverty-based aid. Capital assets of the Academy increased mainly due to the addition of the modular buildings to be used for classrooms.

- Total liabilities decreased \$37,781. Intergovernmental payables decreased \$34,755 primarily due to a reimbursement to ODE in fiscal year 2008 that was not required in fiscal year 2009.

Using this Financial Report

This report consists of three parts, Management's Discussion and Analysis (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.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets answer the question, "How did we do financially during fiscal year 2009?" These statements are prepared using the economic resources measurement focus. With this measurement focus, all assets and liabilities are reported, both short and long-term. These statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the fiscal year, regardless of when the cash is received or paid.

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 1 provides a summary of the School's net assets for fiscal year 2009 and fiscal year 2008:

(Table 1)
Net Assets

	2009	2008	Increase (Decrease)
Assets:			
Current Assets	\$1,191,955	\$1,041,561	\$150,394
Land	378,902	378,902	0
Depreciable Capital Assets, Net	2,740,967	2,525,382	215,585
<i>Total Assets</i>	<u>4,311,824</u>	<u>3,945,845</u>	<u>365,979</u>
Liabilities:			
Current Liabilities	365,991	397,419	(31,428)
Non-Current Liabilities	24,742	31,095	(6,353)
<i>Total Liabilities</i>	<u>390,733</u>	<u>428,514</u>	<u>(37,781)</u>
Net Assets:			
Invested in Capital Assets	3,119,869	2,904,284	215,585
Restricted for Other Purposes	206,015	110,904	95,111
Unrestricted	595,207	502,143	93,064
<i>Total Net Assets</i>	<u>\$3,921,091</u>	<u>\$3,517,331</u>	<u>\$403,760</u>

Total assets increased \$365,979. This increase was primarily due to the inclusion of Sciotoville Elementary Academy as a blended component unit in the financial statements of the School for fiscal year 2009. The cash and cash equivalents, intergovernmental receivables, and capital assets of the Academy were the primary additions to the assets of the School. Depreciable capital assets increased \$215,585 mainly due to the addition of the modular buildings of the Academy. Net assets increased \$403,760 primarily due to the federal startup grant received by the Academy and an increase in poverty-based aid.

Total liabilities decreased \$37,781. The decrease in current liabilities was primarily due to a liability in intergovernmental payables in fiscal year 2008 which resulted from an overpayment by the Ohio Department of Education. The decrease in non-current liabilities was primarily the result of the inclusion in fiscal year 2008 of the vacation balance of an administrator who was no longer with the School in fiscal year 2009.

Table 2 shows the changes in net assets for fiscal year 2009 and fiscal year 2008, as well as a listing of revenues and expenses.

SCIOTOVILLE COMMUNITY SCHOOL

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

(Table 2)
Change in Net Assets

	2009	2008	Increase (Decrease)
Operating Revenues:			
Extracurricular and Lunchroom Sales	\$152,978	\$138,062	\$14,916
Foundation Payments	3,371,412	2,687,530	683,882
Poverty Based Assistance Aid	118,064	0	118,064
Charges for Sales and Services	2,450	1,250	1,200
Other Revenues	8,952	4,192	4,760
Non-Operating Revenues:			
Federal Donated Commodities	30,477	19,915	10,562
Federal and State Meals Subsidies	152,565	107,520	45,045
Other Federal and State Grants	642,592	327,541	315,051
Interest	3,762	36,117	(32,355)
Other	1,977	5,800	(3,823)
Gain on Sale of Capital Assets	0	6,448	(6,448)
<i>Total Revenues</i>	<u>4,485,229</u>	<u>3,334,375</u>	<u>1,150,854</u>
Operating Expenses:			
Salaries	2,281,530	1,928,945	352,585
Fringe Benefits	848,973	755,331	93,642
Purchased Services	364,849	297,421	67,428
Materials and Supplies	226,244	218,544	7,700
Cost of Sales	113,569	77,111	36,458
Depreciation	124,467	116,737	7,730
Other Expenses	121,373	96,519	24,854
Non-Operating Expenses:			
Loss on Sale of Capital Assets	1,914	0	1,914
<i>Total Expenses</i>	<u>4,082,919</u>	<u>3,490,608</u>	<u>592,311</u>
<i>Income (Loss) Before Contributions</i>	402,310	(156,233)	558,543
Capital Contributions	1,450	190,130	(188,680)
Change in Net Assets	403,760	33,897	369,863
<i>Net Assets at Beginning of Year</i>	<u>3,517,331</u>	<u>3,483,434</u>	<u>33,897</u>
<i>Net Assets at End of Year</i>	<u>\$3,921,091</u>	<u>\$3,517,331</u>	<u>\$403,760</u>

SCIOTOVILLE COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Net assets increased \$403,760 from fiscal year 2008 to fiscal year 2009, with the change in net assets increasing \$369,863 compared to fiscal year 2008. There was an increase in total expenses of \$592,311 while total revenues increased \$1,150,854 from fiscal year 2008 to fiscal year 2009. The increases were due to the inclusion of the Academy. Revenues increased more in fiscal year 2009 than expenses due mainly to the receipt of the federal startup grant for the Academy as well as an increase in poverty-based aid.

Capital Assets

At the end of fiscal year 2009, the School had \$3,119,869 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles, which represented an increase of \$215,585 from fiscal year 2008. The majority of the increase consisted of the acquisition and installation of the modular buildings for the Academy.

For more information on capital assets see Note 5 to the basic financial statements.

Current Financial Issues

For fiscal year 2009, the Scioto Elementary Academy is presented as a blended component unit of the School. Fiscal year 2009 was the first year of operation for the Academy. During the establishment process of the Academy, the State of Ohio awarded a \$150,000 startup grant for the initial three years of operation. The Academy was also awarded an additional \$200,000 for excellence in performance in the startup grant.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Kelli Hunter, Treasurer at Scioto Community School, 224 Marshall Street, Scioto, Ohio 45662 or e-mail at kelli.hunter@east.k12.oh.us.

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Net Assets

June 30, 2009

Assets:

Current Assets:

Cash and Cash Equivalents	\$966,407
Accounts Receivable	450
Intergovernmental Receivables	200,454
Inventory Held for Resale	4,094
Materials and Supplies Inventory	11,630
Prepaid Items	8,920
Total Current Assets	<u>1,191,955</u>

Non-Current Assets:

Capital Assets:	
Land	378,902
Depreciable Capital Assets, Net	<u>2,740,967</u>
Total Non-Current Assets	<u>3,119,869</u>

Total Assets 4,311,824

Liabilities:

Current Liabilities:

Accounts Payable	2,160
Accrued Wages and Benefits Payable	292,571
Intergovernmental Payable	67,068
Compensated Absences Payable	1,718
Undistributed Monies	2,474
Total Current Liabilities	<u>365,991</u>

Non-Current Liabilities:

Compensated Absences Payable	<u>24,742</u>
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Total Liabilities 390,733

Net Assets:

Invested in Capital Assets	3,119,869
Restricted for Other Purposes	206,015
Unrestricted	<u>595,207</u>

Total Net Assets \$3,921,091

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Revenues, Expenses and
Changes in Net Assets
For the Fiscal Year Ended June 30, 2009

Operating Revenues:	
Extracurricular and Lunchroom Sales	\$152,978
Foundation Payments	3,371,412
Poverty Based Assistance Aid	118,064
Charges for Sales and Services	2,450
Other Revenues	8,952
	<hr/>
<i>Total Operating Revenues</i>	<u>3,653,856</u>
Operating Expenses:	
Salaries	2,281,530
Fringe Benefits	848,973
Purchased Services	364,849
Materials and Supplies	226,244
Cost of Sales	113,569
Depreciation	124,467
Other Expenses	121,373
	<hr/>
<i>Total Operating Expenses</i>	<u>4,081,005</u>
<i>Operating Loss</i>	<u>(427,149)</u>
Non-Operating Revenues/Expenses:	
Federal Donated Commodities	30,477
Federal and State Meals Subsidies	152,565
Other Federal and State Grants	642,592
Interest	3,762
Other	1,977
Loss on Sale of Capital Assets	(1,914)
	<hr/>
<i>Total Non-Operating Revenues</i>	<u>829,459</u>
<i>Income Before Contributions</i>	402,310
Capital Contributions	1,450
	<hr/>
<i>Change in Net Assets</i>	403,760
<i>Net Assets at Beginning of Year - Restated (see Note 13)</i>	<u>3,517,331</u>
<i>Net Assets at End of Year</i>	<u><u>\$3,921,091</u></u>

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Customers	\$154,978
Cash Received from Others	8,952
Cash Received from Foundation Payments	3,371,412
Cash Received from Poverty Based Assistance Aid	118,064
Cash Payments to Suppliers for Goods and Services	(735,239)
Cash Payments to Employees for Services	(2,249,562)
Cash Payments for Employee Benefits	(865,356)
Cash Payments to Others	<u>(110,980)</u>

Net Cash Used for Operating Activities (307,731)

Cash Flows from Noncapital Financing Activities:

Other Non-Operating Revenues	17,643
Other Non-Operating Expenses	(21,942)
Federal and State Subsidies Received	152,471
Operating Grants Received	<u>515,018</u>

Net Cash Provided by Noncapital Financing Activities 663,190

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	<u>(340,516)</u>
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Cash Flows from Investing Activities:

Interest	<u>3,762</u>
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Net Increase in Cash and Cash Equivalents 18,705

Cash and Cash Equivalents at Beginning of Year 947,702

Cash and Cash Equivalents at End of Year \$966,407
(continued)

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009

(continued)

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:	
Operating Loss	<u>(\$427,149)</u>

Adjustments to Reconcile Operating

Loss to Net Cash Used for Operating Activities:	
Depreciation	124,467
Donated Commodities Received During the Year	<u>30,477</u>

Changes in Assets and Liabilities:

Increase in Accounts Receivable	(450)
Increase in Prepaid Items	(7,324)
Increase in Inventory Held for Resale	(263)
Decrease in Materials and Supplies Inventory	4,016
Decrease in Accounts Payable	(6,478)
Increase in Accrued Wages and Benefits Payable	31,015
Decrease in Intergovernmental Payable	(34,755)
Decrease in Compensated Absences Payable	<u>(21,287)</u>

<i>Total Adjustments</i>	<u>119,418</u>
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<i>Net Cash Used for Operating Activities</i>	<u><u>(\$307,731)</u></u>
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Non-Cash Transactions:

During fiscal year 2009, the School received \$30,477 in donated commodities.

During fiscal year 2009, the School traded in an asset with a book value of \$9,094.

During fiscal year 2009, the School received donated assets with a fair value of \$1,450.

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Sciotoville Community School of Sciotoville, Inc. (the "School") is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through 12. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. Sciotoville Community School qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax exempt status.

On April 24, 2007, the Montgomery County Educational Service Center signed a renewal contract with the School to be the School's Sponsor effective July 1, 2007. The contract will expire on June 30, 2014. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a five-member Board of Directors. The Board members are elected at-large by the citizens of the community for staggered four-year terms. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's one instructional/support facility staffed by 14 non-certified and 40 certificated full-time teaching personnel who provide services to 367 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the Sciotoville Community School, this includes general operations, food service, and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the issuance of debt.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2009

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY (continued)

The Sciotoville Elementary Academy (the “Academy”), which began operations July 1, 2008, is governed by the same Board of Directors as the Sciotoville Community School. Therefore, for financial reporting purposes, it is combined with the financial statements of the Sciotoville Community School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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 on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The School has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The more significant of the School’s accounting policies are described below.

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.

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

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

Measurement Focus

The accounting and financial reporting treatment of the School’s financial transactions is determined by the School’s measurement focus. Enterprise fund 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 presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the School finances and meets its cash flow needs.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made. The School's 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 on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School 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 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.

Expenses are recognized at the time they are incurred.

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

Cash and Cash Equivalents

The School's Business Manager accounts for all monies received by the School. The School maintains an interest bearing depository account and all funds of the School are maintained in this account. This account is presented on the Statement of Net Assets as "Cash and Cash Equivalents". For purposes of the Statement of Net Assets, investments with an original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents.

During the fiscal year, the School had investments in repurchase agreements. Repurchase agreements are reported at cost.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the fiscal year in which services are consumed.

Inventory

Inventory is stated at cost on a first-in, first-out basis. Inventories consist of donated and purchased food held for resale, as well as supplies, all of which are expensed when used.

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of \$1,000 for all capital assets other than computers. The capitalization threshold for computers is \$500. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 20 years
Buildings and Improvements	1 - 50 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	3 - 10 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for employees with at least five years of current service for all positions (including certified and non-certified staff).

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 the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and music and athletic programs and federal and State grants restricted to expenditures for specified purposes.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. These revenues consist of certain intergovernmental revenues and sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

Intergovernmental Revenues

The School currently participates in the State Foundation Program, Poverty Based Assistance, 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.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2009

NOTE 3 - INVESTMENTS

Investments: As of June 30, 2009, the School had the following investment:

	Fair Value	Maturity Date	S&P Rating
Repurchase Agreement	\$465,384	July 2, 2009	AAA

Interest Rate Risk: The School has no investment policy that addresses interest rate risk.

Credit Risk: The School does not have an investment policy that addresses investment credit risk. The S&P rating of the School's investment is listed in the table above.

Concentration of Credit Risk: The School's investment in a repurchase agreement represents 100 percent of the School's total investments.

There are no significant statutory restrictions regarding the investment of funds by the School.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2009, consist of intergovernmental grants and accounts receivable. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Title I Grants to Local Educational Agencies (Title I)	\$167,350
Improving Teacher Quality Grant (Title II-A)	7,430
Education Technology Grant (Title II-D)	1,381
Special Education Grants to States (Part B-IDEA)	24,199
National School Lunch and Breakfast Programs	94
Total Intergovernmental Receivables	\$200,454

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2009

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Capital Assets Not Being Depreciated:				
Land	\$378,902	\$0	\$0	\$378,902
Capital Assets Being Depreciated:				
Land Improvements	154,225	2,657	0	156,882
Buildings and Improvements	2,422,718	209,738	0	2,632,456
Furniture, Fixtures and Equipment	589,891	134,715	(36,597)	688,009
Vehicles	23,500	3,950	0	27,450
Total Capital Assets				
Being Depreciated	3,190,334	351,060	(36,597)	3,504,797
Less Accumulated Depreciation:				
Land Improvements	(17,602)	(8,314)	0	(25,916)
Buildings and Improvements	(298,380)	(52,888)	0	(351,268)
Furniture, Fixtures and Equipment	(337,845)	(60,517)	25,589	(372,773)
Vehicles	(11,125)	(2,748)	0	(13,873)
Total Accumulated Depreciation	(664,952)	(124,467)	25,589	(763,830)
Total Capital Assets				
Being Depreciated, Net	2,525,382	226,593	(11,008)	2,740,967
Capital Assets, Net	\$2,904,284	\$226,593	(\$11,008)	\$3,119,869

NOTE 6 - RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School contracted with Sherman Kricker Insurance Company for general liability and property insurance and Cincinnati Insurance Company for educational errors and omissions insurance.

Coverage is as follows:

Building and Contents (\$1,000 deductible)	\$4,299,000
Boiler and Machinery	No Limit
Business Personal Property (\$1,000 deductible)	100,000
Educational Errors and Omissions (\$5,000 each loss)	1,000,000
General Liability:	
Per occurrence	1,000,000
Total per year	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2009

NOTE 6 - RISK MANAGEMENT (continued)

Workers' Compensation

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School'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 School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$41,245, \$34,154, and \$33,648, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

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 Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2009

NOTE 7 - DEFINED BENEFIT 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 the fiscal year ended June 30, 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 \$227,208, \$200,554, and \$191,174, respectively; 82.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$3,013 made by the School and \$7,322 made by plan members.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2009

NOTE 8 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (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 SERS 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 Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 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, this 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 School's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$26,739, \$22,224, and \$17,809, 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 Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$3,403, \$2,461, and \$2,288, respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

SCIOTOVILLE COMMUNITY SCHOOL

Notes To The Basic Financial Statements

For The Fiscal Year Ended June 30, 2009

NOTE 8 - POSTEMPLOYMENT BENEFITS (continued)

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one 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 \$17,478, \$15,427, and \$14,706, respectively; 82.50 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 9 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation benefits are derived from policies and procedures approved by the Board of Directors. Non-certified employees earn 10 to 20 days of vacation per fiscal year, depending upon their length of service. Accumulated unused vacation time is paid to non-certified employees upon termination of employment up to a maximum payment of 50 days. Teachers do not earn vacation.

Teachers, administrators, and non-certified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation for those employees with five years of continuous service and who apply and qualify for retirement under SERS or STRS Ohio.

Insurance Benefits

The School provides life, dental and medical/surgical benefits to most employees through Medical Mutual of Ohio. The School also provides vision benefits to most employees through Vision Service Plan.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2009

NOTE 9 - EMPLOYEE BENEFITS (continued)

Deferred Compensation

School employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 10 - LEASES - LEASEE DISCLOSURE

The Academy leases land and a gymnasium from the Sciotoville Christian Church under an operating lease. Operating lease payments are reported as operating expenses on the financial statements. Total operating lease payments in fiscal year 2009 were \$6,000. The Academy is obligated under the lease agreement to pay \$9,000 in fiscal year 2010.

NOTE 11 - LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2009 were as follows:

<u>Long-Term Obligations</u>	Amount Outstanding 6/30/08 Restated	Additions	Deductions	Amount Outstanding 6/30/09	Current Portion
Compensated Absences	\$47,747	\$3,528	\$24,815	\$26,460	\$1,718

NOTE 12 - CONTINGENCIES

Grants

The School received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2009.

SCIOTOVILLE COMMUNITY SCHOOL
Notes To The Basic Financial Statements
For The Fiscal Year Ended June 30, 2009

NOTE 12 - CONTINGENCIES (continued)

Litigation

The School is not party to any legal proceedings.

State Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The results of this review could result in State funding being adjusted.

NOTE 13 - RESTATEMENT OF PRIOR YEAR NET ASSETS

During fiscal year 2009, there were errors that related to compensated absences for fiscal year 2008. This resulted in the following restatement of net assets:

Net Assets,	
June 30, 2008	\$3,454,416
Adjustments to Net Assets	<u>62,915</u>
Adjusted Net Assets,	
June 30, 2008	<u><u>\$3,517,331</u></u>

NOTE 14 - RELATED PARTY TRANSACTIONS

During fiscal year 2009, the School paid \$200,000 for the purchase and installation of the modular buildings for the Academy classrooms. The Academy reimbursed the School for the total amount. This amount was eliminated from the financial statements of the School so as to not overstate revenues and expenses since the statements represent the totals for the School and Academy.

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**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2008/2009	10.555	\$ 24,058	\$ 24,058
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	31,946	31,946
National School Lunch Program	2008/2009	10.555	117,336	117,336
Cash Assistance Subtotal			<u>149,282</u>	<u>149,282</u>
Total Child Nutrition Cluster			<u>173,340</u>	<u>173,340</u>
Total U.S. Department of Agriculture			173,340	173,340
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2008	84.010	18,287	19,164
	2009		199,823	220,137
Total Title I Grants to Local Educational Agencies			<u>218,110</u>	<u>239,301</u>
Special Education- Grants to States	2008	84.027	16,668	16,766
	2009		72,103	79,962
Total Special Education Grants to States			<u>88,771</u>	<u>96,728</u>
Safe and Drug-Free Schools and Communities State Grants	2008	84.186	624	531
	2009		4,708	4,708
Total Safe and Drug-Free Schools and Communities State Grants			<u>5,332</u>	<u>5,239</u>
Charter Schools	2009	84.282	150,000	149,787
State Grants for Innovative Programs	2009	84.298	633	633
Education Technology State Grants	2008	84.318	(503)	
	2009		2,561	1,968
Total Education Technology State Grants			<u>2,058</u>	<u>1,968</u>
Improving Teacher Quality State Grants	2008	84.367	1,534	814
	2009		17,810	14,952
Total Improving Teacher Quality State Grants			<u>19,344</u>	<u>15,766</u>
Total U.S. Department of Education			<u>484,248</u>	<u>509,422</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 657,588</u>	<u>\$ 682,762</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Sciotoville Community School's (the School) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

NOTE C - FOOD DONATION PROGRAM

The School reports commodities consumed on the Schedule at the fair value. The School allocated donated food commodities to the program that benefitted from the use of those donated food commodities.

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The District transferred the following amounts from 2008 to 2009 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2008 to 2009</u>
Education Technology State Grants	84.318	\$503



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*

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

We have audited the basic financial statements of the Sciotoville Community School, Scioto County, Ohio (the School), as of and for the year ended June 30, 2009, and have issued our report thereon dated May 20, 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 School'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 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.

We noted a certain matter that we reported to the School's management in a separate letter dated May 20, 2010.

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

Mary Taylor, CPA
Auditor of State

May 20, 2010



Mary Taylor, CPA

Auditor of State

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

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

Compliance

We have audited the compliance of the Sciotoville Community School, Scioto County, Ohio (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 year 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.

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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. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 20, 2010

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA # 84.010 Nutrition Cluster: School Breakfast Program – CFDA #10.553 National School Lunch Program – CFDA #10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 10, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A 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;

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- (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; and
- (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 of Directors and the Community 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

May 20, 2010



Mary Taylor, CPA
Auditor of State

SCIOTOVILLE COMMUNITY SCHOOL

SCIOTO 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 8, 2010**