



Dave Yost • Auditor of State

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying basic financial statements of Dohn Community High School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Dohn Community High School, Hamilton County, Ohio, as of June 30, 2010, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2011, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 24, 2011

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

The discussion and analysis of the Dohn Community High School, Hamilton County, Ohio (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the Schools financial performance as a whole; readers should also review the notes to the basic financial statement and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- For fiscal year 2010 assets exceeded liabilities by \$1,403,057.
- The School derived 96 percent of their revenues through federal and state programs.
- Salaries and benefits accounted for 54 percent of the \$1,128,694 in operating expenses for fiscal year 2010.
- The School was able to increase the cash balance by \$55,775 from fiscal year 2009.

Using this Annual Financial Report and Overview of Financial Statements

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

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

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

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

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Table 1 provides a summary of the School's net assets for fiscal year 2010 compared to fiscal year 2009.

Table 1			
Net Assets			
	2010	2009	Change
Assets			
Current assets	\$154,542	\$94,037	\$60,505
Capital assets, net	1,693,062	1,751,755	(58,693)
<i>Total assets</i>	<u>1,847,604</u>	<u>1,845,792</u>	<u>1,812</u>
Liabilities			
Current liabilities	238,533	453,811	(215,278)
Long term liabilities	206,014	0	206,014
<i>Total liabilities</i>	<u>444,547</u>	<u>453,811</u>	<u>(9,264)</u>
Net Assets			
Invested in capital assets	1,428,187	1,417,720	10,467
Restricted	101,087	31,615	69,472
Unrestricted	(126,217)	(57,354)	(68,863)
<i>Total net assets</i>	<u>\$1,403,057</u>	<u>\$1,391,981</u>	<u>\$11,076</u>

The School saw assets decrease with the depreciation on capital assets of \$79,102. The School was able to increase from the prior year revenue levels through the state foundation program and grants to pay down debt and increase the cash balance from the prior year. The School continued towards reducing its debt load another sixteen percent reduction in the line of credit and construction loan.

DOHN COMMUNITY HIGH SCHOOL**Hamilton County**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

Table 2 shows the change in net assets for the year ended 2009 compared to fiscal year 2010.

Table 2
Change in Net Assets

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Revenues			
Operating revenues:			
Foundation payments	\$644,023	\$753,738	(\$109,715)
Special education	86,205	98,468	(12,263)
Classroom fees	6,754	5,961	793
Other operating revenues	38,156	18,727	19,429
Non-operating revenues:			
Other non-operating revenues	0	24,000	(24,000)
Federal and state grants	383,617	126,632	256,985
Total revenues	<u>1,158,755</u>	<u>1,027,526</u>	<u>131,229</u>
Expenses			
Operating expenses:			
Salaries	517,055	430,784	86,271
Fringe benefits	89,383	83,629	5,754
Purchased services	403,237	299,049	104,188
Materials and supplies	36,083	28,897	7,186
Depreciation	79,102	77,002	2,100
Other expenses	3,834	1,910	1,924
Non-Operating Expenses:			
Interest and fiscal charges	18,985	18,343	642
Total Expenses	<u>1,147,679</u>	<u>939,614</u>	<u>208,065</u>
Change in Net Assets	11,076	87,912	<u>(\$76,836)</u>
Beginning Net Assets	<u>1,391,981</u>	<u>1,304,069</u>	
Ending Net Assets	<u>\$1,403,057</u>	<u>\$1,391,981</u>	

The School saw revenues remain steady from 2009 to 2010 as the increase in federal and state grants due to the stimulus funding was able to offset the decrease in state foundation revenues. The School did increase the expenses for the current year as they were ramping up for the expansion project over the summer. The expansion will increase the number of students which will also increase the revenue generated by the School.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Capital Assets

At the end of 2010, the School had \$1,693,062 (net of \$586,589 in accumulated depreciation) invested in land, buildings, building improvements, furniture, and equipment. Table 3 shows the fiscal year 2010 balances compared to fiscal year 2009:

Table 3
Capital Assets at June 30 (net)

	2010	2009	Change
Land	\$19,000	\$19,000	\$0
Building and Improvements	1,655,752	1,726,007	(70,255)
Furniture and Equipment	18,310	6,748	11,562
Totals	\$1,693,062	\$1,751,755	(\$58,693)

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

Debt

At June 30, 2010, the School had one line of credit with PNC Bank totaling \$28,400 and a construction loan that totaled \$264,875. The School refinanced the original mortgage during the year to lower the interest rate to 3.75%. For more information on the School's debt refer to Note 6 of the notes to the financial statements.

Current Financial Issues

The School now has a finance professional on staff which will aid in the improvements in the quality of financial records and strengthens internal controls. During the 2010 school year, there were 114 students enrolled in the School which was a slight increase from 2009. The School receives its finances mostly from state aid. Per pupil aid for fiscal year 2010 amounted to \$6,580 per student. The School was preparing during 2010 to expand the use of the facility and annex building to add students and increase the revenue base.

Contacting the School's Financial Management

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

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

AS OF JUNE 30, 2010

Assets:

Current assets:

Cash and cash equivalents	\$ 147,250
Accounts receivable	2,527
Intergovernmental receivable	4,765
Total current assets	<u>154,542</u>

Noncurrent assets:

Land	19,000
Capital assets, net	1,674,062
Total noncurrent assets	<u>1,693,062</u>

Total Assets 1,847,604

Liabilities:

Current liabilities

Accounts payable	50,645
Accrued wages and benefits payable	86,990
Intergovernmental payable	13,637
Line of credit payable	28,400
Current portion of long term debt	58,861
Total current liabilities	<u>238,533</u>

Long term debt less current portion 206,014

Total Liabilities 444,547

Net Assets:

Invested in capital assets, net of related debt	1,428,187
Restricted	101,087
Unrestricted	(126,217)

Total net assets \$ 1,403,057

See accompanying notes to the basic financial statements

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

For the Fiscal Year Ended June 30, 2010

Operating Revenues:	
Foundation payments	\$ 644,023
Special Education	86,205
Classroom fees	6,754
Charges for services	10,512
Other operating revenues	<u>27,644</u>
Total operating revenues	<u>775,138</u>
Operating Expenses:	
Salaries	517,055
Fringe benefits	89,383
Purchased services	403,237
Materials and supplies	36,083
Depreciation	79,102
Other operating expenses	<u>3,834</u>
Total operating expenses	<u>1,128,694</u>
Operating Loss	<u>(353,556)</u>
Non-Operating Revenues and Expenses:	
Federal grants	378,083
State grants	5,534
Interest and fiscal charges	<u>(18,985)</u>
Total non-operating revenues and expenses	<u>364,632</u>
Change in net assets	11,076
Net assets at beginning of year	<u>1,391,981</u>
Net assets at end of year	<u><u>\$ 1,403,057</u></u>

See accompanying notes to the basic financial statements

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

For the Fiscal Year Ended June 30, 2010

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 730,228
Cash received from classroom materials and fees	18,390
Cash received from other operating revenues	25,187
Cash payments for personal services	(593,681)
Cash payments for contract services	(378,769)
Cash payments for supplies and materials	(18,743)
Cash payments for other expenses	(3,834)
Net cash used for operating activities	<u>(221,222)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	378,852
Principal paid on debt obligations	(12,301)
Net cash provided by noncapital financing activities	<u>366,551</u>

Cash flows from capital and related financing activities:

Acquisition of Capital Assets	(20,409)
Principal paid on debt obligations	(50,160)
Interest paid on debt obligations	(18,985)
Net cash used by capital and related financing activities	<u>(89,554)</u>

Net change in cash and cash equivalents	55,775
Cash and Cash Equivalents at beginning of year	91,475
Cash and Cash Equivalents at end of year	<u><u>147,250</u></u>

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

Operating loss	(353,556)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	79,102
Change in assets and liabilities:	
Increase in accounts receivable	(527)
Decrease in Intergovernmental receivable	562
Increase in accounts payable	32,194
Increase in accrued wages and benefits	21,177
Increase in intergovernmental payable	(174)
Net cash used for operating activities	<u><u>\$ (221,222)</u></u>

See accompanying notes to the basic financial statements

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DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

1. DESCRIPTION OF THE REPORTING ENTITY

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

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

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

The Board hires the Superintendent, who hires all the other staff, and manages the day-to-day operations of the School. The Board controls the School's one instructional/support facility staffed by 2 non-certified and 9 certified full time teaching personnel who provide services to 114 students.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

C. Budgetary Process

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

D. Cash and Investments

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

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

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets and Depreciation

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	30
Furniture and Equipment	3

F. Intergovernmental Revenues

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

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

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

Amounts awarded under grants and entitlements for the year ended June 30, 2010 totaled \$1,113,845.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net Assets

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

H. Estimates

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

I. Operating Revenues and Expenses

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

3. DEPOSITS AND INVESTMENTS

At June 30, 2010, the carrying amount of the School's deposits was \$147,250 and the bank balance was \$150,250. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC).

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

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

3. DEPOSITS AND INVESTMENTS (continued)

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

4. RECEIVABLES

Receivables at June 30, 2010, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

<u>Intergovernmental</u>	<u>Amount</u>
Fiscal Stabilization Grant	\$4,500
Part B-IDEA Grant	6
Federal Lunch Subsidy Grant	259
Total	<u>\$4,765</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010:

	<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/10</u>
Capital Assets Not Being Depreciated				
Land	\$19,000	\$0	\$0	\$19,000
Capital Assets Being Depreciated				
Building and Improvements	2,107,662	0	0	2,107,662
Furniture and Equipment	114,580	20,409	0	134,989
Total Capital Assets Being Depreciated	<u>2,222,242</u>	<u>20,409</u>	<u>0</u>	<u>2,242,651</u>
Less Accumulated Depreciation				
Building and Improvements	(381,655)	(70,255)	0	(451,910)
Furniture and Equipment	(107,832)	(8,847)	0	(116,679)
Total Accumulated Depreciation	<u>(489,487)</u>	<u>(79,102)</u>	<u>0</u>	<u>(568,589)</u>
Total Capital Assets Being Depreciated, Net	<u>1,732,755</u>	<u>(58,693)</u>	<u>0</u>	<u>1,674,062</u>
Capital Assets, Net	<u>\$1,751,755</u>	<u>(\$58,693)</u>	<u>\$0</u>	<u>\$1,693,062</u>

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

6. DEBT

The School has a line of credit from National City Bank that was issued on June 29, 2005, in the amount of \$50,000, and is due on demand. The interest on this promissory note is variable and is secured by a third mortgage on the School's premises. The principal paid towards the line of credit was \$12,301, leaving a balance outstanding of \$28,400 as of June 30, 2010.

Long-term debt outstanding for the School as of June 30, 2010 was as follows:

Description	Balance 06/30/09	Additions	Deletions	Balance 06/30/10	Due Within One Year
(a) Mortgage	\$315,035	\$0	\$50,160	\$264,875	\$58,861
(a)	The mortgage from National City Bank was refinanced on November 15, 2009, in the amount of \$299,210. The note has a maturity date of November 15, 2014. The interest on this promissory note is variable and was 3.75 percent at June 30, 2010.				

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$58,861	\$8,921	\$67,782
2012	58,861	6,714	65,575
2013	58,861	4,507	63,368
2014	58,861	2,299	61,160
2015	29,431	322	29,753
Total	\$264,875	\$22,763	\$287,638

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

7. RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the year ended 2010, the School contracted with Argonaut Insurance Company for insurance. Coverage provided by Argonaut Insurance Company includes the following with a \$1,000 deductible in total:

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

B. Worker's Compensation

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

8. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District 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.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

8. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78%. The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$8,123, \$5,598, and \$11,472, respectively; 94 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

Plan Description - The School District 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 a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

8. DEFINED BENEFIT PENSION PLANS (continued)

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, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$60,581, \$45,696, and \$45,357 respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$5,270 made by the School District and \$3,764 made by the plan members.

9. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 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 2010, this amount was \$0.

DOHN COMMUNITY HIGH SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

9. POSTEMPLOYMENT BENEFITS (continued)

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$292, \$2,617, and \$5,235 respectively; 94 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal year ended June 30, 2010, 2009 and 2008 were \$483, \$406 and \$827, 94 percent has been contributed for fiscal year 2010 with 100% for fiscal year 2009 and 2008.

B. State Teachers Retirement System

Plan Description – The School District 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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$4,660, \$3,515, and \$3,489 respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

DOHN COMMUNITY HIGH SCHOOL
Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

10. OTHER EMPLOYEE BENEFITS

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

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

11. RESTRICTED ASSETS

At June 30, 2010 the School reported net assets totaling \$101,087. The nature of the net assets restrictions are as follows:

School restricted budget reserve	\$20,000
Federal specific educational program grants	<u>81,087</u>
Total	<u><u>\$101,087</u></u>

12. CONTINGENCIES

A. Grants

The School receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School at June 30, 2010.

13. PURCHASED SERVICES

For the period July 1, 2009 through June 30, 2010, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	\$344,430
Utilities	38,650
Communications	3,506
Property Services	10,111
Other	<u>6,540</u>
Total Purchased	<u><u>\$403,237</u></u>

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Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited the basic financial statements of Dohn Community High School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2010, and have issued our report thereon dated March 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated March 24, 2011.

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

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

Dave Yost
Auditor of State

March 24, 2011

**DOHN COMMUNITY HIGH SCHOOL
HAMILTON COUNTY**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Material Weakness – Relating to inadequate internal controls related to clearing reconciling items noted in bank reconciliations.	Yes	
2009-002	Material Weakness – Accounting for the imprest payroll account should be strengthened.	No	Partially Corrected. The School utilizes a payroll clearing bank account. Issues related to reconciliation and accounting of this activity is included in the management letter.



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DOHN COMMUNITY HIGH SCHOOL

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2011**