



Dave Yost • Auditor of State

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY
JUNE 30, 2017 AND 2016**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis - For the Fiscal Year Ended June 30, 2017.....	3
Basic Financial Statements:	
Statement of Net Position - As of June 30, 2017	7
Statement of Revenues, Expenses and Changes in Net Position – For the Fiscal Year Ended June 30, 2017	8
Statement of Cash Flows – For the Fiscal Year Ended June 30, 2017	9
Notes to the Basic Financial Statements - For the Fiscal Year Ended June 30, 2017	10
Management's Discussion and Analysis - For the Fiscal Year Ended June 30, 2016.....	20
Basic Financial Statements:	
Statement of Net Position - As of June 30, 2016	24
Statement of Revenues, Expenses and Changes in Net Position – For the Fiscal Year Ended June 30, 2016.....	25
Statement of Cash Flows – For the Fiscal Year Ended June 30, 2016.....	26
Notes to the Basic Financial Statements - For the Fiscal Year Ended June 30, 2016	27
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	37
Schedule of Findings.....	39

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Miamisburg Secondary Academy
Montgomery County
Miamisburg City School District, Sponsor
540 East Park Avenue
Miamisburg, Ohio 45342

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Miamisburg Secondary Academy, Montgomery County, Ohio (the School), a component unit of Miamisburg City School District, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Miamisburg Secondary Academy, Montgomery County, as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As discussed in Note 18 to the financial statements for the fiscal year ended June 30, 2017, the School closed on August 2, 2018, raising substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the School's closure. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2018

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The discussion and analysis of the Miamisburg Secondary Academy, Montgomery County, Ohio (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at the School's 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 2017 assets exceeded liabilities by \$171,867 which is a seventeen percent increase over fiscal year 2016.
- The School derived over 99 percent of their revenues through federal and state programs.
- Purchased services accounted for 93 percent of the \$463,926 in operating expenses for fiscal year 2017 as the School outsources the personnel costs to Miamisburg City Schools.
- The School saw net position increase by \$24,633 during the year.

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 position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position presents information on all the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position presents information showing how the School's net position 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.

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 1 provides a summary of the School's net position for fiscal year 2017 compared to fiscal year 2016.

Table 1			
Net Position			
	2017	2016	Change
Assets			
Current assets	\$193,402	\$176,286	\$17,116
Capital assets, net	4,506	4,472	34
<i>Total assets</i>	197,908	180,758	17,150
Liabilities			
Current liabilities	26,041	33,524	(7,483)
Net Position			
Net investment in capital assets	4,506	4,472	34
Unrestricted	167,361	142,762	24,599
<i>Total net position</i>	\$171,867	\$147,234	\$24,633

The School saw current assets (mainly cash) increase as the School paid a sponsor fee during fiscal year 2016 that was mandated by the sponsor contract.

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 2 shows the change in net position for the year ended 2016 compared to fiscal year 2017.

Table 2
Change in Net Position

	<u>2017</u>	<u>2016</u>	<u>Change</u>
Revenues			
Operating revenues:			
Foundation payments	\$420,914	\$473,664	(\$52,750)
Other operating revenues	494	116	378
Non-operating revenues:			
Federal and state grants	66,788	34,690	32,098
Interest	363	664	(301)
Total revenues	<u>488,559</u>	<u>509,134</u>	<u>(20,575)</u>
Expenses			
Operating expenses:			
Purchased services	429,966	801,565	(371,599)
Materials and supplies	33,035	71,554	(38,519)
Depreciation	504	6,443	(5,939)
Other	421	0	421
Total Expenses	<u>463,926</u>	<u>879,562</u>	<u>(415,636)</u>
Change in Net Position	24,633	(370,428)	<u>\$395,061</u>
Beginning Net Position	<u>147,234</u>	<u>517,662</u>	
Ending Net Position	<u>\$171,867</u>	<u>\$147,234</u>	

The School saw revenues decrease from 2016 to 2017 as the enrollment dropped from 72 to 60 between the years. The largest change from 2016 to 2017 is in purchase services as the School paid \$342,649 to the Miamisburg City School District as the sponsor for amounts due in 2016 under the sponsor contract.

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Capital Assets

At the end of 2017, the School had \$4,506 (net of \$153,125 in accumulated depreciation) invested in furniture and equipment. Table 3 shows the fiscal year 2017 balances compared to fiscal year 2016:

Table 3
Capital Assets at June 30 (net)

	2017	2016	Change
Furniture and Equipment	\$157,631	\$159,769	(\$2,138)
Depreciation:			
Furniture and Equipment	(153,125)	(155,297)	2,172
Totals	\$4,506	\$4,472	\$34

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

Debt

At June 30, 2017, the School had no outstanding debt.

Current Financial Issues

The School saw enrollment remain constant from fiscal year 2014 through fiscal year 2015 based on 79 FTE students but drop slightly in fiscal year 2016 to 72 FTE students. The fiscal year 2017 FTE counts dropped to 60. The School receives its revenues mostly from state aid. Per pupil aid for fiscal year 2018 as of October 2017 is 47 FTE, which is another reduction in total students served.

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 Tina Hageman, Treasurer, at Miamisburg Secondary Academy, 540 East Park Avenue, Miamisburg, Ohio 45342, or by calling (937) 866-3381.

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION**

AS OF JUNE 30, 2017

Assets:

Current assets:

Cash and cash equivalents	\$ 192,023
Intergovernmental receivable	<u>1,379</u>
Total current assets	<u>193,402</u>

Noncurrent assets:

Depreciable Capital assets, net	<u>4,506</u>
Total noncurrent assets	<u>4,506</u>

Total Assets 197,908

Liabilities:

Current liabilities

Accounts payable	14,157
Intergovernmental payable	<u>11,884</u>

Total Liabilities 26,041

Net Position:

Net investment in capital assets	4,506
Unrestricted	<u>167,361</u>

Total Net Position \$ 171,867

See accompanying notes to the basic financial statements

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Fiscal Year Ended June 30, 2017

Operating Revenues:	
Foundation payments	\$ 420,914
Other operating revenues	494
	<hr/>
Total operating revenues	421,408
	<hr/>
Operating Expenses:	
Purchased services	429,966
Materials and supplies	33,035
Depreciation	504
Other operating expenses	421
	<hr/>
Total operating expenses	463,926
	<hr/>
Operating Loss	(42,518)
	<hr/>
Non-Operating Revenues:	
Federal and state grants	66,788
Interest	363
	<hr/>
Total non-operating revenues	67,151
	<hr/>
Change in net position	24,633
Net position at beginning of year	147,234
Net position at end of year	<u><u>\$ 171,867</u></u>

See accompanying notes to the basic financial statements

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended June 30, 2017

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 416,868
Cash received from other operating revenues	494
Cash payments for contract services	(440,094)
Cash payments for supplies and materials	(26,344)
Cash payments for other operating activity	(421)
Net cash used for operating activities	<u>(49,497)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	<u>65,409</u>
Net cash provided by noncapital financing activities	<u>65,409</u>

Cash flows from capital and related financing activities:

Acquisition of Capital Assets	<u>(538)</u>
Net cash used by capital and related financing activities	<u>(538)</u>

Cash flows from investing activities:

Investment income	<u>363</u>
Net cash provided by investing activities	<u>363</u>

Net change in cash and cash equivalents	15,737
Cash and Cash Equivalents at beginning of year	<u>176,286</u>
Cash and Cash Equivalents at end of year	<u><u>192,023</u></u>

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

Operating loss	(42,518)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	504
Change in assets and liabilities:	
Decrease in accounts payable	(3,451)
Decrease in intergovernmental payable	<u>(4,032)</u>

Net cash used for operating activities	<u><u>\$ (49,497)</u></u>
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See accompanying notes to the basic financial statements

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

1. DESCRIPTION OF THE REPORTING ENTITY

Miamisburg Secondary Academy Community School (the "School") is a non-profit corporation established pursuant to Ohio Revised Code chapters 1702 and 3314 to address the growing need for a comprehensive educational program delivered to students in the 7-12 population primarily through distance learning technologies and computer based classroom curriculum. The comprehensive educational program will address special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and other, including some home-schooled students, who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program.

The School qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax-exempt status.

The School was approved for operations under contract with the Miamisburg City School District (the Sponsor) for a period of five years commencing April 28, 2005, renewed on May 20, 2010 for an additional five year period through June 30, 2015 and renewed again on April 16, 2015 for an additional five year period through June 30, 2020. The School accepted students beginning August 23, 2005. 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 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 School is a component unit of Miamisburg City School District. The School has developed a cooperative agreement with the Miamisburg City School District. See Note 15 for further detail on the service agreement.

The Board of Directors has entered into a one year service contract with Metropolitan Educational Technology Association (META) to provide instructional, administrative, and technical services required for the operation of the School (See Note 8). The Board of Directors has entered into a 30 year service contract with Miamisburg City School District to provide planning, instructional, administrative, and technical services required for the operation of the School (See Note 10).

The School is associated with the Metropolitan Educational Technology Association (META), which is defined as a jointly governed organization. It is a computer consortium of area schools sharing computer resources. META is presented in Note 14 to the basic financial statements.

The School is a component unit of Miamisburg City School District.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

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.

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, 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 position, 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 position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net position. 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 (except Ohio Revised Code Section 5705.391 which requires a 5 year projection), unless specifically provided in the School's contract with its Sponsor or otherwise adopted by the Board of Directors. The contract also states that the School will follow the operating procedures recommended by the Auditor of State, including those related to regular presentation, review, discussion, and approval or rejection of the budget and reports of current and encumbered expenses.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

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 one thousand dollars.

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>
Furniture and Equipment	5

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program. The amount of foundation revenue is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. Revenues from the foundation 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.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Amounts awarded under the foundation program and grants for the year ended June 30, 2017 totaled \$487,702.

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is 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 School's primary activities. For the School, these revenues are primarily the State Foundation 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 are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

3. DEPOSITS AND INVESTMENTS

At June 30, 2017, the carrying amount of the School's deposits was \$192,023 and the bank balance was \$192,472. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC).

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

3. DEPOSITS AND INVESTMENTS (continued)

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 covered by the FDIC.

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 secured.

4. RECEIVABLES

Receivables at June 30, 2017, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. The School had \$1,379 of Title I grant intergovernmental receivables as of June 30, 2017.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017:

	<u>Balance 6/30/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/17</u>
Capital Assets Being Depreciated				
Furniture and Equipment	\$159,769	\$538	(\$2,676)	\$157,631
Less Accumulated Depreciation				
Furniture and Equipment	(155,297)	(504)	2,676	(153,125)
Capital Assets, Net	<u>\$4,472</u>	<u>\$34</u>	<u>\$0</u>	<u>\$4,506</u>

6. DEBT

The School has no debt outstanding at June 30, 2017.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

7. RISK MANAGEMENT

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 the fiscal year ended June 30, 2017, the School was insured for commercial inland marine, general liability, and property as part of the Miamisburg City School District's policy. During fiscal year 2017, the School District contracted with Liberty Mutual Insurance for building and property insurance. This policy has a limit of insurance in the amount of \$180,609,708 for property with a \$10,000 deductible. The Indiana Insurance Company also covers auto insurance for actual cash value with a \$500 deductible. General liability insurance is under The Indiana Insurance Company. The base policy has a \$5,000,000 per occurrence and a \$5,000,000 aggregate limit.

Settled claims have not exceeded commercial coverage for the past three years. There has been no significant reduction in insurance coverage from the prior fiscal year.

8. CONTRACT WITH METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION (META) SOLUTIONS

The School entered into a one year contract on October 27, 2016 for fiscal year 2017 with META Solutions (META). Under the contract, the following terms were agreed upon.

- META shall provide the School with instructional, supervisory/administrative; and technical services sufficient to effectively implement the School's educational plan and the School's assessment and accountability plan.
- All personnel providing services to the School on behalf of META under the agreement shall be employees of META and META shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by META to the School shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- Curricular services provided by META shall be limited to the standardized curriculum developed by META.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

8. CONTRACT WITH METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION (META) SOLUTIONS (continued)

• The School shall pay META a base cost of \$3,000 per full-time high school student. However, the School has elected to not receive some services from META included in the base cost per student. As a result, the School pays \$300 per full-time high school student. Part-time students may be enrolled on such terms as are agreed to by the parties.

In fiscal years 2017 and 2016, the School paid META \$7,594 and \$19,299, respectively. In fiscal year 2015, the School paid TRECA \$9,778.

To obtain META's audited financial statements for the fiscal year ended June 30, 2017, please contact META Solutions, 100 Executive Drive, Marion, Ohio 43302.

9. RELATED PARTY TRANSACTIONS

Miamisburg City School District (Sponsor) provides planning, instructional, administrative, and technical services required for the operation of the School.

Total payments made to the Miamisburg City School District equaled \$379,157 for the use of facilities and personnel. See Note 10 for details.

10. CONTRACT WITH MIAMISBURG CITY SCHOOL DISTRICT

Miamisburg City School District shall provide the School with education and meeting space, instructional, supervisory/administrative, and technical services sufficient to effectively implement the School's educational plan and the School's assessment and accountability plan.

All personnel providing services to the School on behalf of Miamisburg City School District under the agreement shall be employees of Miamisburg City Schools and Miamisburg City Schools shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.

The technical services provided by Miamisburg City School District to the School shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operations.

In fiscal years 2017, 2016, and 2015, the School paid Miamisburg City School District \$379,157, \$721,978, and \$371,673, respectively.

To obtain Miamisburg City School District's audited financial statements for the period ending June 30, 2017; please contact Tina Hageman, Treasurer, at thageman@miamisburg.k12.oh.us.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

11. CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 adverse effect on the overall financial position of the School at June 30, 2017.

B. School Foundation

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust / reconcile funding as enrollment information is updated by the School, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform an FTE review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review for fiscal year 2017 and determined the School was overpaid by \$7,051. This amount is reported as intergovernmental payable on the statement of net position.

12. FISCAL AGENT

The School utilizes the services of Miamisburg City School District as its fiscal officer. The School paid \$16,000 for treasurer services during the fiscal year.

13. PURCHASED SERVICES

For the period July 1, 2016 through June 30, 2017, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	\$355,575
Property Services	55,600
Travel and Meetings	6,219
Utilities	6,504
Tuition	6,068
Total Purchased Services	<u>\$429,966</u>

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2017

14. JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Technology Association – On July 1, 2015, the School was a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA). On January 1, 2016, MDECA merged with the Metropolitan Education Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice-president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The board exercises total control over the operation of the Association including budgeting, appropriating, contracting, and designating management. Each member's degree of control is limited to its representation on the Board. The School paid META \$7,594 for services provided during the fiscal year.

Financial information can be obtained from David Varda, who serves as the Chief Financial Officer at 100 Executive Drive, Marion, Ohio 43302.

15. SERVICE CONTRACT

The Miamisburg City School District and the School have entered into a service contract agreement. This agreement states that the School will contract for educational services from the Miamisburg City School District Board of Education and reimburse the Board of Education for these services.

The Miamisburg City School District agreed to provide the requested services and receive reimbursement from the School pursuant to Ohio Revised Code Section 3317.11 as follows:

1. Services for the Dropout Prevention and Credit Recovery Program
2. Fiscal Services
3. Secretary/Receptionist Services
4. School Director Services
5. Information Technology Services including but not limited to internet connectivity and software/hardware assistance and troubleshooting
6. Student services including E.M.I.S., Nursing, Speech, Guidance and Therapy
7. Classroom space and administrative services
8. Custodial Services

The Miamisburg Board of Education acts as the fiscal agent for the service agreement described above. As fiscal agent, the Board of Education shall enter into employment contracts with each certified teacher/administrator/aide whose services are to be shared with Miamisburg City School District. Other services may be provided based on mutual consent of both the School and the Miamisburg City School District.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

16. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2017, the School implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- GASB Statement No. 77, *Tax Abatements Disclosures*
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14.*

The implementation of these standards had no impact on the financial statements of the School.

17. LEASES

On April 16, 2015 the School entered into a lease agreement with Miamisburg City School District for classrooms and school offices located at 540 East Park Avenue, Miamisburg Ohio 45342. The lease period of the classrooms and school offices runs from April 16, 2015 through June 30, 2045. During fiscal year 2016, the School made \$55,600 in lease payments.

The following is a summary of future minimum lease payments scheduled to be paid by the School:

Fiscal Year Ending June 30,	Minimum Lease Payments
2018	\$55,600
2019	55,600
2020	55,600
2021	55,600
2022	55,600
2023-2027	278,000
2028-2032	278,000
2032-2037	278,000
2038-2042	278,000
2043-2045	166,800

18. SUBSEQUENT EVENTS

The School closed on August 2, 2018.

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

The discussion and analysis of the Miamisburg Secondary Academy, Montgomery County, Ohio (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2016. The intent of this discussion and analysis is to look at the School's 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 2016 assets exceeded liabilities by \$147,234 which is a seventy-two percent decrease over fiscal year 2015.
- The School derived over 99 percent of their revenues through federal and state programs.
- Purchased services accounted for 91 percent of the \$879,562 in operating expenses for fiscal year 2016 as the School outsources the personnel costs to Miamisburg City Schools.
- The School saw net position decrease by \$370,428 during the year.

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 position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The statement of net position presents information on all the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position presents information showing how the School's net position 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.

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table 1 provides a summary of the School's net position for fiscal year 2016 compared to fiscal year 2015.

Table 1			
Net Position			
	2016	2015	Change
Assets			
Current assets	\$176,286	\$519,121	(\$342,835)
Capital assets, net	4,472	5,807	(1,335)
<i>Total assets</i>	180,758	524,928	(344,170)
Liabilities			
Current liabilities	33,524	7,266	26,258
Net Position			
Net investment in capital assets	4,472	5,807	(1,335)
Restricted	0	16,500	(16,500)
Unrestricted	142,762	495,355	(352,593)
<i>Total net position</i>	\$147,234	\$517,662	(\$370,428)

The School saw current assets (mainly cash) decrease as the School paid a sponsor fee during fiscal year 2016 that was mandated by the sponsor contract.

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Table 2 shows the change in net position for the year ended 2015 compared to fiscal year 2016.

Table 2
Change in Net Position

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Revenues			
Operating revenues:			
Foundation payments	\$473,664	\$479,560	(\$5,896)
Other operating revenues	116	53	63
Non-operating revenues:			
Federal and state grants	34,690	51,445	(16,755)
Interest	664	821	(157)
Total revenues	<u>509,134</u>	<u>531,879</u>	<u>(22,745)</u>
Expenses			
Operating expenses:			
Purchased services	801,565	430,035	371,530
Materials and supplies	71,554	22,149	49,405
Depreciation	6,443	6,230	213
Non-operating expenses:			
Loss on disposal of assets	0	946	(946)
Total Expenses	<u>879,562</u>	<u>459,360</u>	<u>420,202</u>
Change in Net Position	<u>(370,428)</u>	<u>72,519</u>	<u>(\$442,947)</u>
Beginning Net Position	<u>517,662</u>	<u>445,143</u>	
Ending Net Position	<u><u>\$147,234</u></u>	<u><u>\$517,662</u></u>	

The School saw revenues decrease from 2015 to 2016 due to enrollment dropping slightly to 72 from 79 between the years. The largest change from 2015 to 2016 is in purchased services as the School paid \$342,649 to the Miamisburg City School District as the sponsor for amounts due under the sponsor contract.

MIAMISBURG SECONDARY ACADEMY
Montgomery County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Capital Assets

At the end of 2016, the School had \$4,472 (net of \$155,297 in accumulated depreciation) invested in furniture and equipment. Table 3 shows the fiscal year 2016 balances compared to fiscal year 2015:

Table 3
Capital Assets at June 30 (net)

	2016	2015	Change
Furniture and Equipment	\$159,769	\$154,661	\$5,108
Depreciation:			
Furniture and Equipment	(155,297)	(148,854)	(6,443)
Totals	\$4,472	\$5,807	(\$1,335)

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

Debt

At June 30, 2016, the School had no outstanding debt.

Current Financial Issues

The School saw enrollment remain constant from fiscal year 2014 through fiscal year 2015 based on 79 FTE students but drop slightly in fiscal year 2016 to 72 FTE students. The School receives its revenues mostly from state aid. Per pupil aid for fiscal year 2016 as of June 2016 amounts to \$6,433 per student on only 72.83 FTE, which is up \$273 per student compared to fiscal year 2015.

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 Tina Hageman, Treasurer, at Miamisburg Secondary Academy, 540 East Park Avenue, Miamisburg, Ohio 45342, or by calling (937) 866-3381.

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION**

AS OF JUNE 30, 2016

Assets:

Current assets:

Cash and cash equivalents	\$ 176,286
Total current assets	<u>176,286</u>

Noncurrent assets:

Depreciable Capital assets, net	<u>4,472</u>
Total noncurrent assets	<u>4,472</u>

Total Assets 180,758

Liabilities:

Current liabilities

Accounts payable	17,608
Intergovernmental payable	<u>15,916</u>

Total Liabilities 33,524

Net Position:

Net investment in capital assets	4,472
Unrestricted	<u>142,762</u>

Total Net Position \$ 147,234

See accompanying notes to the basic financial statements

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Fiscal Year Ended June 30, 2016

Operating Revenues:	
Foundation payments	\$ 473,664
Other operating revenues	116
	<hr/>
Total operating revenues	473,780
	<hr/>
Operating Expenses:	
Purchased services	801,565
Materials and supplies	71,554
Depreciation	6,443
	<hr/>
Total operating expenses	879,562
	<hr/>
Operating Loss	(405,782)
	<hr/>
Non-Operating Revenues:	
Federal and state grants	34,690
Interest	664
	<hr/>
Total non-operating revenues	35,354
	<hr/>
Change in net position	(370,428)
Net position at beginning of year	517,662
Net position at end of year	<u><u>\$ 147,234</u></u>

See accompanying notes to the basic financial statements

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended June 30, 2016

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 484,761
Cash received from other operating revenues	116
Cash payments for contract services	(797,426)
Cash payments for supplies and materials	(60,532)
Net cash used for operating activities	<u>(373,081)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	<u>46,990</u>
Net cash provided by noncapital financing activities	<u>46,990</u>

Cash flows from capital and related financing activities:

Acquisition of Capital Assets	<u>(5,108)</u>
Net cash used by capital and related financing activities	<u>(5,108)</u>

Cash flows from investing activities:

Investment income	<u>664</u>
Net cash provided by investing activities	<u>664</u>

Net change in cash and cash equivalents	(330,535)
Cash and Cash Equivalents at beginning of year	<u>506,821</u>
Cash and Cash Equivalents at end of year	<u><u>176,286</u></u>

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

Operating loss	(405,782)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	6,443
Change in assets and liabilities:	
Increase in accounts payable	15,863
Increase in intergovernmental payable	<u>10,395</u>

Net cash used for operating activities	<u><u>\$ (373,081)</u></u>
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See accompanying notes to the basic financial statements

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

1. DESCRIPTION OF THE REPORTING ENTITY

Miamisburg Secondary Academy Community School (the "School") is a non-profit corporation established pursuant to Ohio Revised Code chapters 1702 and 3314 to address the growing need for a comprehensive educational program delivered to students in the 7-12 population primarily through distance learning technologies and computer based classroom curriculum. The comprehensive educational program will address special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and other, including some home-schooled students, who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program.

The School qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax-exempt status.

The School was approved for operations under contract with the Miamisburg City School District (the Sponsor) for a period of five years commencing April 28, 2005, renewed on May 20, 2010 for an additional five year period through June 30, 2015 and renewed again on April 16, 2015 for an additional five year period through June 30, 2020. The School accepted students beginning August 23, 2005. 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 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 School is a component unit of Miamisburg City School District. The School has developed a cooperative agreement with the Miamisburg City School District. See Note 15 for further detail on the service agreement.

The Board of Directors has entered into a one year service contract with Metropolitan Educational Technology Association (META) to provide instructional, administrative, and technical services required for the operation of the School (See Note 8). The Board of Directors has entered into a 30 year service contract with Miamisburg City School District to provide planning, instructional, administrative, and technical services required for the operation of the School (See Note 10).

The School participates in one jointly governed organization. This organization is the Metropolitan Educational Technology Association (META). META is presented in Note 14 to the basic financial statements.

The School is a component unit of Miamisburg City School District.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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.

A. Basis of Presentation

The School's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, 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 position, 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 position. The statement of revenues, expenses, and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in net position. 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 (except Ohio Revised Code Section 5705.391 which requires a 5 year projection), unless specifically provided in the School's contract with its Sponsor or otherwise adopted by the Board of Directors. The contract also states that the School will follow the operating procedures recommended by the Auditor of State, including those related to regular presentation, review, discussion, and approval or rejection of the budget and reports of current and encumbered expenses.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Cash and Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

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 one thousand dollars.

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>
Furniture and Equipment	5

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program. The amount of foundation revenue is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. Revenues from the foundation 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.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Amounts awarded under the foundation program and grants for the year ended June 30, 2016 totaled \$508,354.

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is 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 School's primary activities. For the School, these revenues are primarily the State Foundation 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 are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

3. DEPOSITS AND INVESTMENTS

At June 30, 2016, the carrying amount of the School's deposits was \$176,286 and the bank balance was \$176,286. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC).

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

3. DEPOSITS AND INVESTMENTS (continued)

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 covered by the FDIC

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

The School collected all earned revenues before the end of the fiscal year and no receivable is reported.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016:

	<u>Balance 6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/16</u>
Capital Assets Being Depreciated				
Furniture and Equipment	\$154,661	\$5,108	0	\$159,769
Less Accumulated Depreciation				
Furniture and Equipment	(148,854)	(6,443)	0	(155,297)
Capital Assets, Net	<u>\$5,807</u>	<u>(\$1,335)</u>	<u>\$0</u>	<u>\$4,472</u>

6. DEBT

The School has no debt outstanding at June 30, 2016.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

7. RISK MANAGEMENT

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 the fiscal year ended June 30, 2016, the School was insured for commercial inland marine, general liability, and property as part of the Miamisburg City School District's policy. During fiscal year 2016, the School District contracted with Liberty Mutual Insurance for building and property insurance. This policy has a limit of insurance in the amount of \$180,609,708 for property with a \$10,000 deductible. The Indiana Insurance Company also covers auto insurance for actual cash value with a \$500 deductible. General liability insurance is under The Indiana Insurance Company. The base policy has a \$5,000,000 per occurrence and a \$5,000,000 aggregate limit.

Settled claims have not exceeded commercial coverage for the past three years. There has been no significant reduction in insurance coverage from the prior fiscal year.

8. CONTRACT WITH METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION (META) SOLUTIONS

The School entered into a one year contract on September 10, 2015 for fiscal year 2016 with META Solutions (META). Under the contract, the following terms were agreed upon.

- META shall provide the School with instructional, supervisory/administrative; and technical services sufficient to effectively implement the School's educational plan and the School's assessment and accountability plan.
- All personnel providing services to the School on behalf of META under the agreement shall be employees of META and META shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by META to the School shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- Curricular services provided by META shall be limited to the standardized curriculum developed by META.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

8. CONTRACT WITH METROPOLITAN EDUCATIONAL TECHNOLOGY ASSOCIATION (META) SOLUTIONS (continued)

• The School shall pay META a base cost of \$3,000 per full-time high school student. However, the School has elected to not receive some services from META included in the base cost per student. As a result, the School pays \$300 per full-time high school student. Part-time students may be enrolled on such terms as are agreed to by the parties.

In fiscal year 2016, the School paid META \$19,299. In fiscal years 2015 and 2014, the School paid TRECA \$9,778, and \$9,608, respectively.

To obtain META's audited financial statements for the fiscal year ended June 30, 2016, please contact META Solutions, 100 Executive Drive, Marion, Ohio 43302.

9. RELATED PARTY TRANSACTIONS

Miamisburg City School District (Sponsor) provides planning, instructional, administrative, and technical services required for the operation of the School.

Total payments made to the Miamisburg City School District equaled \$721,978 out of which \$379,330 was for the use of facilities and personnel. See Note 10 for details.

10. CONTRACT WITH MIAMISBURG CITY SCHOOL DISTRICT

Miamisburg City School District shall provide the School with education and meeting space, instructional, supervisory/administrative, and technical services sufficient to effectively implement the School's educational plan and the School's assessment and accountability plan.

All personnel providing services to the School on behalf of Miamisburg City School District under the agreement shall be employees of Miamisburg City Schools and Miamisburg City Schools shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.

The technical services provided by Miamisburg City School District to the School shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operations.

In fiscal years 2016, 2015, and 2014, the School paid Miamisburg City School District \$721,978, \$371,673, and \$400,881, respectively.

To obtain Miamisburg City School District's audited financial statements for the period ending June 30, 2016; please contact Tina Hageman, Treasurer, at thageman@miamisburg.k12.oh.us.

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

11. CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 adverse effect on the overall financial position of the School at June 30, 2016.

B. School Foundation

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust / reconcile funding as enrollment information is updated by the School, which can extend past the fiscal year end.

Under Ohio Rev. Code Section 3314.08, ODE may also perform an FTE review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review for fiscal year 2016 and determined the School was overpaid by \$11,097. This amount is reported as intergovernmental payable on the statement of net position.

12. FISCAL AGENT

The School utilizes the services of Miamisburg City School District as its fiscal officer. The School paid \$16,000 for treasurer services during the fiscal year.

13. PURCHASED SERVICES

For the period July 1, 2015 through June 30, 2016, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	\$369,838
Sponsor Fees	342,649
Property Services	55,600
Travel and Meetings	7,464
Utilities	9,185
Tuition	16,750
Other	79
Total Purchased Services	<u><u>\$801,565</u></u>

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

14. JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Technology Association (META) – On July 1, 2015, the School was a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA). On January 1, 2016 MDECA merged with the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META’s Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School’s degree of control is limited to its representation on the Board. The School paid META \$19,229 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

15. SERVICE CONTRACT

The Miamisburg City School District and the School have entered into a service contract agreement. This agreement states that the School will contract for educational services from the Miamisburg City School District Board of Education and reimburse the Board of Education for these services.

The Miamisburg City School District agreed to provide the requested services and receive reimbursement from the School pursuant to Ohio Revised Code Section 3317.11 as follows:

1. Services for the Dropout Prevention and Credit Recovery Program
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4. School Director Services
5. Information Technology Services including but not limited to internet connectivity and software/hardware assistance and troubleshooting
6. Student services including E.M.I.S., Nursing, Speech, Guidance and Therapy
7. Classroom space and administrative services
8. Custodial Services

MIAMISBURG SECONDARY ACADEMY

Montgomery County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

15. SERVICE CONTRACT (continued)

The Miamisburg Board of Education acts as the fiscal agent for the service agreement described above. As fiscal agent, the Board of Education shall enter into employment contracts with each certified teacher/administrator/aide whose services are to be shared with Miamisburg City School District. Other services may be provided based on mutual consent of both the School and the Miamisburg City School District.

16. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2016, the School implemented the Governmental Accounting Standards Board (GASB) Statements No. 72 Fair Value Measurement and Application and No. 73 Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. The implementation of these two standards has no impact on the financial statements of the School.

17. LEASES

On April 16, 2015 the School entered into a lease agreement with Miamisburg City School District for classrooms and school offices located at 540 East Park Avenue, Miamisburg Ohio 45342. The lease period of the classrooms and school offices runs from April 16, 2015 through June 30, 2045. During fiscal year 2016, the School made \$55,600 in lease payments.

The following is a summary of future minimum lease payments scheduled to be paid by the School:

Fiscal Year Ending June 30,	Minimum Lease Payments
2017	\$55,600
2018	55,600
2019	55,600
2020	55,600
2021	55,600
2022-2026	278,000
2027-2031	278,000
2032-2038	278,000
2037-2041	278,000
2042-2045	222,400



Dave Yost • Auditor of State

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

Miamisburg Secondary Academy
Montgomery County
Miamisburg City School District, Sponsor
540 East Park Avenue
Miamisburg, Ohio 45342

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Miamisburg Secondary Academy, Montgomery County, (the School), a component unit of Miamisburg City School District, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 24, 2018, wherein we noted substantial doubt about the School's ability to continue as a going concern, due to the School closing on August 2, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. We consider findings 2017-001 and 2017-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2017-003 and 2017-004 described in the accompanying schedule of findings to be significant deficiencies.

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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-002 and 2017-003.

School's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 24, 2018

**MIAMISBURG SECONDARY ACADEMY
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of its financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The School did not accrue a liability based on the results of the fiscal year 2017 and 2016 enrollment adjustments. As a result, the following financial statements errors were identified as material and have been adjusted in the accompanying financial statements:

- In fiscal year 2017 the School understated intergovernmental payable and overstated operating revenue: foundation payments by \$7,051.
- In fiscal year 2016 the School understated intergovernmental payable and overstated operating revenue: foundation payments by \$11,097. This also led to an overstatement of opening net position and an understatement of operating revenue: foundation payments of \$11,097 in fiscal year 2017.

The School should have implemented procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Officials' Response

It has always been the intention of the Treasurer's Office to produce accurate financial statements for the community. We will review all financial statements in a timely manner while simultaneously ensuring that all the information is accurate as reported.

The School evaluates the available ODE reports at the time the School's report is included in the Miamisburg City School District (District Report) as a component unit. The School will examine the ODE reports before the final District report is issued to verify all updates are picked up appropriately.

FINDING NUMBER 2017-002

Noncompliance and Material Weakness

Ohio Rev. Code § 3301.079(K)(1) states, "blended learning" means the delivery of instruction in a combination of time in a supervised physical location away from home and online delivery whereby the student has some element of control over time, place, path, or pace of learning.

FINDING NUMBER 2017-002
(Continued)

As permitted by **Ohio Rev. Code §3314.08(H)(2)** the Ohio Department of Education (ODE) has established student participation criteria and documentation requirements for community schools with blended learning in their FTE Review Manual.

Ohio Rev. Code § 3314.08(C) provides the formula upon which community schools are funded on a full-time equivalency basis. In addition, **Ohio Rev. Code § 3314.08(H)** requires the department of education to adjust the amounts subtracted and paid under division (C) of this section to reflect any enrollment of students in community schools for less than the equivalent of a full school year. The processes for calculating full-time equivalency and any enrollment for less than the equivalent of a full school year used by the Ohio Department of Education (ODE) under Ohio Rev. Code § 3314.08(H) are reflected in its 2017 FTE Review Manual available on its website. In order for the school to receive accurate funding under Ohio Rev. Code § 3314.08(C), the school should follow the procedures outlined in this 2017 FTE Review Manual.

ODE's FY17 FTE Review Manual states, in part, schools with blended learning models are required to document student participation in learning opportunities. Any documentation must at least include the following elements:

- (a) Student SSID number;
- (b) Brief description of learning opportunities;
- (c) Dates and times of actual learning opportunities;
- (d) Total of verified learning opportunities time; and
- (e) School certification of the reported learning opportunities.

The **2015-2016 Miamisburg Secondary Academy Student Handbook** and the **2016-2017 Miamisburg Secondary Academy Student Handbook** state, in part, all students are expected to attend school Monday thru Friday and work at an appropriate pace aligned to each student's graduation goal. Parents may invoke the Friday Rule which permits students making adequate academic progress to work from home and complete assignments in their assigned courses. On Monday, progress reports will be run to determine course activities completed by students who did not attend school on Friday. If no work has been completed, the preceding Friday will be counted as an absence in accordance with the attendance policy.

The School's Friday Rule was offered to students in fiscal years 2017 and 2016 and constituted a blended learning model. The School was unable to provide a list of students who participated in the Friday Rule during fiscal years 2017 and 2016. Further, the School did not have a method to capture duration for students that participated in the Friday Rule.

The School should have developed policies and implemented procedures to track and retain the data required by ODE's FY17 FTE Review Manual for students who participated in blended learning opportunities. Failure to do so could lead to inaccurate reporting of student full-time equivalency to the Ohio Department of Education (ODE), which could lead to improper funding paid to the School and inaccurate financial statement information.

ODE receives a copy of this audit report. As a result of this issue, they may subsequently perform a FTE review over future years potentially impacting school funding.

FINDING NUMBER 2017-002
(Continued)

Officials' Response

The School (now closed) was a brick and mortar school for at-risk youth requiring daily attendance at school. Since the opening of the School in 2005, the School has utilized a variety of blended learning strategies such as conventional classroom-based coursework, internet-based coursework delivered in the classroom of the school, individual and small group tutoring, and at-home learning assignments. The vast majority of our students were habitually truant and credit deficient in the regular high school prior to enrolling in the School. The intent of the "Friday rule" was to motivate students to attend class at least four days per week and make adequate academic progress each week. Eligibility for the Friday option was based on perfect weekly attendance (Monday - Thursday) and academic progress which was determined each Thursday by teachers. As like any other day of the week, attendance was taken each Friday to show who was at school (as noted on the weekly attendance sheets). As noted in the handbook, the staff ran progress reports on Mondays to determine that adequate academic progress was made for each student eligible to utilize the Friday rule. Once adequate academic progress was confirmed by the staff, Friday's attendance log was marked as present. If adequate academic progress was not confirmed the student was counted as absent. The data / information obtained by the staff each Monday was not in the duration of hours worked by students but in the quantity of school work completed.

Obviously as ODE began to redefine "learning opportunities" related to funding, our policies and attendance procedures changed as well to meet these requirements. The Friday option was discontinued prior to the start of the 2017-18 school year and with instructions and reminders, most students routinely logged their independent / non-classroom learning time. These logs were inspected during the 2017-18 FTE Audit.

FINDING NUMBER 2017-003

Noncompliance and Significant Deficiency

Ohio Rev. Code § 3314.08(H)(2) states, in part, a student's enrollment shall be considered to cease on the date on which any of the following occur:

- a) The community school receives documentation from a parent terminating enrollment of the student.
- b) The community school is provided documentation of a student's enrollment in another public or private school.
- c) The community school ceases to offer learning opportunities to the student pursuant to the terms of the contract with the sponsor or the operation of any provision of this chapter.

Ohio Rev. Code § 3314.03(A)(6)(b) states, in part, each contract entered into between a sponsor and the governing authority of a community school shall specify the following: A requirement that the governing authority adopt an attendance policy that includes a procedure for automatically withdrawing a student from the school if the student without a legitimate excuse fails to participate in one hundred five consecutive hours of the learning opportunities offered to the student.

Exhibit 1: Educational Plan: Student Withdrawal Procedures of the Successor Community School Sponsorship Contract for the Miamisburg Secondary Academy states, in part, the School's Board of Directors has adopted an attendance policy that includes a procedure for automatically withdrawing a student from the School if the student without a legitimate excuse fails to participate in one hundred five consecutive hours of the learning opportunities offered to the student.

FINDING NUMBER 2017-003
(Continued)

Ohio Admin. Code § 3301-69-02(B)(2) states, in part, an excuse for absence from school may be approved on the basis of one or more of the following conditions:

1. Illness of the child;
2. Illness in the family necessitating the presence of the child;
3. Quarantine of the home;
4. Death of a relative;
5. Medical or dental appointment;
6. Observance of religious holidays;
7. College visitation;
8. Absences due to a student's placement in foster care or change in foster care placement or any court proceedings related to their foster care status;
9. Absences due to a student being homeless; or
10. Emergency or other set of circumstances in which the judgment of the superintendent of schools constitutes a good and sufficient cause for absence from school.

Additionally, **Ohio Rev. Code § 3317.031** requires the membership record be kept intact for at least five years and shall be made available to the state board of education or its representative in making an audit of the average daily membership or the transportation of the school.

One of the five (20%) students with absences selected for testing during fiscal year 2017 was not timely withdrawn from the regularly adjusted cohort. The student had 263 consecutive hours (40.5 days) of unexcused absences during fiscal year 2017 but was not withdrawn from the School. Additionally, for two of ten (20%) students with excused absences selected for testing during fiscal years 2017 and 2016, the School did not keep supporting documentation for their excused absences.

The School should have implemented procedures to verify that student withdrawals and attendance are tracked and recorded in accordance with the School's policies and the Ohio Revised Code. Failure to accurately report student attendance and withdrawals could lead to inaccurate reporting of full-time equivalency (FTE) to the Ohio Department of Education (ODE), which could lead to improper funding paid to the School and inaccurate financial statement information. Additionally, the School should have implemented procedures to verify that supporting documentation was maintained for all excused absences for the time period required by the Ohio Revised Code. Such support should have been maintained in the applicable student's file and should have included, but not been limited to, a written note from the student's parent or guardian or a log documenting a phone call between the student's parent or guardian and the School. The log should have contained the date of the absence, the date of the phone call, name of the School personnel involved with the phone call, the name of the parent or guardian involved with the phone call, and the reason for the absence. Failure to maintain adequate support for excused absences may result in unapproved and/or un-allowed excused absences and inaccurate monitoring of student attendance and full-time equivalent (FTE) documentation.

ODE receives a copy of this audit report. As a result of this issue, they may subsequently perform a FTE review over future years potentially impacting school funding.

Officials' Response

Having combed through the attendance records of all students during the 16-17 school year, I cannot find any student who missed 40.5 consecutive days. I believe the student in question had a total of 40.5 days of unexcused absences plus 10 days of suspension totaling 50.5 days of absence for the year. This student was originally admitted to the Miamisburg Secondary Academy in lieu of expulsion from regular school. There were numerous behavioral issues both at school and at home but our efforts (parents, teachers, counselors, administrators) were to try to keep him in school and complete as much school work as possible. The documentation of excused absences from two of our students was due to our inability to find parental notes. Attendance procedures as outlined in the handbook are established but we either did not receive a note or we misplaced the note prior to filing it. We do keep attendance records and calls from parents in our attendance logs. We also keep our call logs home when students are absent.

FINDING NUMBER 2017-004

Significant Deficiency

Miamisburg City School District (the District) sponsored and functioned as the fiscal agent for Miamisburg Secondary Academy (the School). The School agreed to reimburse the District for all costs incurred by the District on behalf of the School, including the cost of leasing facilities from the District and other purchased services (including, but not limited to, educational, administrative, fiscal, technological, EMIS and/or other services). The community school contract stated that the School had the option, at the discretion of the Board of Directors, to reimburse the District for costs incurred in connection with oversight and monitoring of the School as long as such payments did not exceed three percent of the total payments for operating expenses that the School received from the State of Ohio. Further, the community school contract required the School to pay to the District a one-time payment of \$200,000 no later than June 30, 2016 and annually pay to the District the School's unencumbered general fund balance in excess of \$150,000.

The School disbursed a total of \$721,979 to the District during fiscal year 2016. The funds disbursed were originally identified as follows: \$379,330 for lease payments and payments to reimburse the District for specific goods and services as supported by a detailed listing; \$200,000 for the required one-time payment to the District; and \$142,649 to pay the District the unencumbered general fund balance in excess of \$150,000 at year-end.

The distributions were based on a determination by the School's legal counsel that such a distribution was lawful. However, the Ohio Department of Education (ODE) communicated in a September 12, 2017 letter to the Auditor of State that based on their review of the community school contract and applicable Ohio Revised Code sections, ". . . it is the Department's position that there is no legal authority for a school to simply send unused funds beyond the amounts statutorily permitted to its sponsor." ODE further communicated in a May 11, 2018 letter that in limited circumstances sponsors may receive payment for the sale of goods and services to the schools it sponsors. The District identified these payments as those made for the sale of goods and services to the School. Additionally, the School ceased operations effective August 2, 2018.

**FINDING NUMBER 2017-004
(Continued)**

Given the School's decision to cease operations and the support provided for payments made for goods and services, the Auditor of State does not take issue with the identified payments, but because ODE disburses state foundation funds to specific public schools districts and community schools for a specific student population, we recommend that the District consult with ODE regarding future questions on the appropriate use of foundation funds and compliance with Ohio Rev. Code Section 3314.074 regarding distributing assets of a school permanently closed.

Officials' Response

On July 5, 2018, the Miamisburg City School District (the District), through its attorneys, authored a letter to the Auditor of State's legal counsel setting forth the legal authorities that contradict the Ohio Department of Education's faulty opinion regarding the illegality of the distribution. While the Ohio Department of Education indicated its disagreement, the District and the School still had several legal resources available to challenge the Ohio Department of Education's unfounded opinion. However, the School's decision to cease operations rendered the legality of the distributions moot. Consequently, neither the School nor the District pursued the matter further. Nonetheless, the District and the School still fervently maintain that R.C. 3314.03 (C) and its legislative history demonstrate that the disbursements were permissible under law.



Dave Yost • Auditor of State

MIAMISBURG SECONDARY ACADEMY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 27, 2018**