THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY

Financial Statements

June 30, 2011

with Independent Auditors' Report

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

Dave Yost · Auditor of State

Board of Governance
ISUS Institute of Construction Technology
140 N. Keowee St.
Dayton, Ohio 45402

We have reviewed the *Independent Auditors' Report* of the ISUS Institute of Construction Technology, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2010 to June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The ISUS Institute of Construction Technology is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

March 19, 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Governance
The ISUS Institute of Construction Technology
Dayton, Ohio

We have audited the accompanying financial statement of The ISUS Institute of Construction Technology (the School), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The ISUS Institute of Construction Technology, as of June 30, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 6 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the School as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 28, 2011

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The discussion and analysis of The ISUS Institute of Construction Technology (The School) financial performance provides an overall review of the financial activities for the year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for the year ended June 2011 are as follows:

- Total assets increased by $104,732 which represents an 18 percent increase from the year ended June 2010. The increase resulted primarily from an $188,926 increase in related party receivables offset by a $24,266 decrease in accounts receivable and a $51,893 decrease in Capital Assets net of accumulated depreciation.

- Total liabilities increased by $272,749 which represents a 97 percent increase from the year ended June 2010. The increase resulted primarily from a $313,011 increase in due to to related parties, a, $11,634 increase in accrued wages and benefits payable. The increase was offset by a decrease in accounts payable of $592 a decrease in intergovernmental payables of $23,991 and a decrease of $15,112 in compensated absences payable.

- The operating loss reported for the year ended June 2011 of $1,247,986 was $146,713 less than the operating loss reported for the year ended June 2010 of $1,394,699.

Using this Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a balance sheet, income statement, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Balance Sheet

The balance sheet answers the question, "How did we do financially during the year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports the School's net assets, however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School building and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the School's balance sheet for the year ended June 2011 compared with the year ended June 2010.

Table 1
Statements of Net Assets

		2011	2010
Assets			
Current and other assets	$	585,164	428,539
Capital assets, net		93,475	145,368
Total assets		678,639	573,907
Liabilities:			
Current liabilities		520,266	227,646
Non-current liabilities		33,247	53,118
Total liabilities		553,513	280,764
Net assets:			
Invested in capital assets		40,352	73,199
Unrestricted		84,774	219,944
Total net assets	$	125,126	293,143

Total net assets of the School decreased by $168,017.

The increase of $156,625 in current assets resulted from $188,926 increase in due from related parties and a $5,695 increase in prepaid items. The increase was offset by a decrease of $29,432 in accounts receivable and intergovernmental receivables and a decrease in cash and cash equivalents of $8,564.

Capital assets net of accumulated depreciation decreased by $51,893 due to current year depreciation.

The increase of $292,620 in current liabilities resulted from a $313,011 increase in due to related parties, and $11,634 increase in accrued wages and benefits payable. The increase was offset by a $592 decrease in accounts payable, a $15,112 decrease in compensated absences, and a $23,991 decrease in intergovernmental payable.

Non-current liabilities decreased by $19,871 due to the capital lease payments on the copier.

Table 2 shows a summary of revenues and expenditures compared for the years ended June 2011 and June 2010.

Table 2
Changes in Net Assets

		2011	2010
Operating revenues:			
Foundation payments	$	446,403	623,612
Charge for services		546,827	723,926
Other		121	2,033
Non-operating revenues			
State and Federal grants		221,796	328,578
Contributions		500	72
Other grants		86,495	518,799
ISUS (on behalf) revenue		773,942	382,959
Total revenues		2,076,084	2,579,979
Operating expenses:			
Salaries		1,198,947	1,520,314
Fringe benefits		344,116	413,114
Purchased services		570,209	652,441
Materials and supplies		7,890	25,017
Depreciation		51,893	58,517
Other expenses		68,282	74,867
Non-operating expenses			
Interest expense		2,764	3,303
Change in net assets		(168,017)	(167,594)
Net assets, beginning of year		293,143	460,737
Net assets, end of year	$	125,126	293,143

Operating revenues decreased by $356,220 as compared to the year ended June 2010. The decrease was due to a decrease in Foundation payments of $177,209 due to the decrease in student FTE's and a decrease in charges for services of $177,099 due to a decrease in billings for administrative services to the other ISUS Institutes and the Corporation.

Non Operating revenues decreased by $147,675 as compared to the year ended June 2010. Other grants decreased of $432,304 due to a reduction in grant funding from the county. On behalf payments increased of $390,983 due to an increase in grant funds passed through from ISUS Corporation. State and Federal grants decreased by $106,782 due to a decrease in stimulus funding.

Total expenses reported for the year ended June 2011 were $502,394 less than the total expenses reported for the year ended June 2010. Salaries and Fringe benefits decreased by $390,365 due to staff cuts. Purchased services decreased by $82,232 due to a decrease in grant funds passed through from the School to the other ISUS Institutes. Materials and supplies decreased by $17,127 and Other expenses decreased by $6,585.

Capital Assets

For the year ended June 2011 capital assets of the School were $518,267 off-set by $424,792 in accumulated depreciation resulted in net capital assets of $93,475. Table 3 shows the categories of capital assets maintained by the School, net of accumulated depreciation, for the years ended June 2011 and 2010.

Table 3
Capital Assets, net of depreciation

		2011	2010
Equipment	$	495,499	495,499
Leasehold improvements		22,768	22,768
		518,267	518,267
Less: accumulated depreciation		424,792	372,899
Totals	$	93,475	145,368

The decrease of $51,893 in capital assets is due to current year depreciation. See note 13 to the financial statements for additional information on capital assets.

Debt

At June 30, 2011, the School had no debt obligations other than the capital lease obligation disclosed in note 12.

Contacting the School

This financial report is designed to provide a general overview of the finances of The ISUS Institute of Construction Technology and to show The School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: The ISUS Institute of Construction Technology, 140 N. Keowee St., Dayton, OH 45402.

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
Statement of Net Assets
June 30, 2011

Assets		
Current assets:		
Cash and cash equivalents	$	13,605
Accounts receivable		87,121
Intergovernmental receivable		33,220
Due from related parties		287,837
Prepaid items		163,381
Total current assets		585,164
Non-current assets, net of accumulated depreciation:		
Equipment		75,199
Leasehold improvements		18,276
Total non-current assets		93,475
Total assets	$	678,639
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	17,508
Intergovernmental payable		26,866
Due to related parties		343,052
Accrued wages and benefits payable		64,390
Compensated absences payable		41,606
Capital lease, current portion		19,876
Accrued liabilities, other		6,968
Total current liabilities		520,266
Non-current liabilities:		
Capital lease, long term portion		33,247
Total liabilities		553,513
Net assets:		
Investment in capital assets		40,352
Unrestricted		84,774
Total net assets		125,126
Total liabilities and net assets	$	678,639

See accompanying notes to the financial statements.

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2011

Operating revenues:		
Foundation payments	$	446,403
Charges for services		546,827
Miscellaneous		121
Total operating revenues		993,351
Operating expenses:		
Salaries		1,198,947
Fringe benefits		344,116
Purchased services		570,209
Materials and supplies		7,890
Depreciation		51,893
Other operating expenses		68,282
Total operating expenses		2,241,337
Operating loss		(1,247,986)
Non-operating revenues (expenses):		
Federal grants		218,796
State grants		3,000
Other grants		86,495
Contributions		500
Interest expense		(2,764)
ISUS (on behalf) revenue		773,942
Total non-operating revenues (expenses)		1,079,969
Change in net assets		(168,017)
Net assets, beginning of the year		293,143
Net assets, end of year	$	125,126

See accompanying notes to the financial statements.

Cash flows from operating activities:		
Cash received from foundation payments	$	414,475
Cash received from charges for services		382,167
Cash received by miscellaneous sources		121
Cash used for employees for services		(1,538,219)
Cash used for suppliers for goods and services		(333,197)
Net cash used for operating activities		(1,074,653)
Cash flow from noncapital financing activities:		
Cash received from related parties		773,942
Cash received from federal, state, private, and local grants		313,457
Cash received from contributions		500
Net cash provided by noncapital financing activities		1,087,899
Cash flow from capital and related financing activities:		
Cash used for capital lease obligation		(19,046)
Cash used for interest payments		(2,764)
Net cash used for capital and related financing activities		(21,810)
Net decrease in cash and cash equivalents		(8,564)
Cash and cash equivalents at the beginning of the year		22,169
Cash and cash equivalents at the end of the year	$	13,605

(continued)

Cash flow from operating activities:		
Operating loss	$	(1,247,986)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation		51,893
Change in assets and liabilities		
Accounts receivable		24,266
Due from related parties		(188,926)
Prepaids items		8,322
Accounts payable		(592)
Intergovernmental payable		(23,991)
Due to related parties		313,011
Accrued wages and benefits payable		11,634
Accrued compensated absences payable		(15,112)
Other liabilities		6,845
Net cash used for operating activities	$	(1,074,653)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of the ISUS Institute of Construction Technology are set forth to facilitate the understanding of data presented in the financial statements.

Description of organization

The ISUS Institute of Construction Technology (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 as an organization operated exclusively for educational purposes. The School is exempt 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.

Specifically, the mission of the School is to advance youth through a program of academic education, employment training, personal and leadership development, and service learning. Students will graduate with the knowledge, skills and attitudes required for employment in the building trades industry. The School is a degree granting high school and serves students from age sixteen through twenty-one.

The School, which is part of the State's education program, is independent of any school district. It may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the school.

The creation of the School was initially proposed to the Ohio Department of Education, the sponsor, by the developers of the School in April 1999. The Ohio Department of Education approved the proposal and entered into a contract with the developers effective July 1, 1999. The first school year, for students, began on September 15, 1999.

The school operates under a five member Board of Governance. The Board is ultimately responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's one instructional facility that was staffed by 18 certificated counseling and teaching personnel, and 14 non-certificated administrative staff. Approximately one hundred and twenty-none (129) students were served during the 2010-2011 school year.

The School is associated with five organizations which are defined as related organizations. These organizations are the Improved Solutions for Urban Systems, Inc. (ISUS), ISUS Trade and Technology Community School of Columbus, ISUS Trade and Technology Community School of Springfield, The ISUS Institute of Health Care, and The ISUS Institute of Manufacturing. These organizations are presented in Note 14 to the financial statements.

Financial statement presentation

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The School has elected not to apply the provisions for the Statements and Interpretations of the Financial Accounting

Standards Board issued after November 30, 1989. The more significant of the School's accounting policies are described below.

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

Measurement focus and basis of accounting
The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The difference between total assets and liabilities is defined as net assets. Net assets are segregated into three categories: 1) net assets invested in capital assets, 2) restricted net assets and 3) unrestricted net assets. The statement of revenues, expenses and changes in net assets present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary process
The School must adopt a spending plan as set forth in the Ohio Revised Code 5705.391, which requires annual appropriations and annual revenue estimates.

Cash and cash equivalents
The School's fiscal officer accounts for all monies received by the School. All monies are maintained in a demand deposit account. To improve cash management, all cash received from the State of Ohio is electronically transferred into an account. The School had no investments during the period.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Capital assets and depreciation
Capital assets and improvements with an estimated historical cost or cost of more than $1,000 are capitalized and updated for additions and retirements during the year. The costs of normal maintenance and repairs that do not add value to the asset or materially extend an asset's life are expensed.

Depreciation is computed using the straight-line method over an estimated useful life of the asset which is 5 years for equipment and 40 years for leasehold improvements.

Intergovernmental revenues
The School participates in the State Foundation Program. Revenues received from these programs are recognized as operating revenues (State Foundation) in the accounting period in which all eligibility requirements have been met.

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

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

The School does not record a liability for sick leave benefits because its policy is not to pay out accumulated sick leave balances upon termination of employment.

Accrued liabilities, other
Obligations incurred but unbilled prior to June 30, 2011, are reported as accrued liabilities in the accompanying financial statements.

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

Non exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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.

2. CASH AND DEPOSITS:
Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2011, all of the School's bank balance was covered within the federal deposit insurance limit. The balance in excess of the federal deposit insurance limit was covered by pooled investments held by the bank where the funds were held during the year.

The School has 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 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.

3. RECEIVABLES:

Accounts receivable

Accounts receivable at June 30, 2011 includes $87,121 due from Sinclair Community College for the Prevention, Retention and Contingency funds grant. These receivables are considered collectible in full, due to the stable condition of State programs.

Due from related parties

Due from related parties at June 30, 2011 include amounts due the School from The ISUS Institute of Manufacturing, The ISUS Institute of Health Care and ISUS Inc., for state, federal, and other sources received by these related parties that are passed through to the School. These amounts are considered collectible in full, due to the stable condition of the related parties.

Due from related parties at June 30, 2011 consisted of the following:

Institute of Health Care	$	36,649
Institute of Manufacturing		75,557
ISUS, Inc.		175,631
Total due from related parties	$	287,837

Intergovernmental receivable

Intergovernmental receivable at June 30, 2011 consisted of the following:

Ohio Department of Education	$	30,247
School Lunch		2,973
Total intergovernmental receivable	$	33,220

4. RISK MANAGEMENT:

Property and liability

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the period ended June 30, 2011, the School contracted with the Cincinnati Insurance Company for property and general liability insurance.

The School leased a facility on which they were named insured's with ISUS Inc., with coverage provided by The Cincinnati Insurance Company. Coverage included personal property $1,689,500; employee dishonesty $300,000; and general liability $1,000,000 with an aggregate limit of $2,000,000.

Worker's compensation

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

Employee, medical, dental, and vision benefits

The School, through a contract held by ISUS, Inc., provides employee dental, life, vision, and medical and surgical benefits. The School pays 80% of the monthly premium and the employee is responsible for the remaining 20%, except for dental insurance which is split 50/50 by the School and employee. Insurance premiums vary by employee depending upon such factors as age, gender, and number of covered dependents.

5. DEFINED PENSION BENEFITS PLANS:

A. State Teachers Retirement System

Plan Description - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (888) 227-7877, or by visiting STRS Ohio web-site at www.strsoh.org.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Designed Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefit – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit”, the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchase credit) times the final average salary. The 31^{st} year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan Participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions to STRS Ohio for the fiscal year ended June 30, 2011, 2010 and 2009 were $67,956, $97,353 and $119,765, respectively; equal to required contributions for each year.

B. School Employee Retirement System

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statue Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (800) 878-5853. It is also posted on SERS's website, www.ohsers.org, under Employers/Audit Resources.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirement of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits was 11.81%. The remaining 2.19% of the 14% employer contribution rate was allocated to the Health Care and Medicare B Funds. The School's required contributions to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were $83,196, $103,709 and $129,229 respectively; which equaled the required contributions for each year.

6. POST-EMPLOYMENT BENEFITS:

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Interested parties may obtain additional information regarding benefits provided by each system by obtaining the respective *Comprehensive Annual Financial Report* by following the directions noted in Note 5 above.

A. State Teachers Retirement System

Plan Description – STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan. Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment heath care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009, and 2008. The 14% employer contribution rate is the maximum rate established under Ohio Law. The School's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were $4,854, $6,954, and $9,188, respectively; 100 percent has been contributed for all years.

B. School Employee Retirement System

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

Medicare Part B Plan - The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was $96.40 for most participants, but could be as high as $369.10 per month depending on their income. SERS' reimbursement to retirees was $45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76%. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were $4,516, $3,408 and $6,923, respectively, which equaled the required contributions each year.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code § 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions for the years ended June 30, 2011, 2010 and 2009 were $8,498, $5,630 and $38,399, respectively. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

7. OTHER EMPLOYEE BENEFITS-COMPENSATED ABSENCES:

The criteria for determining vacation and sick leave components are derived from School policy and State laws. Full-time employees earn 2 days of vacation after 90 day of employment and 7 days on the employee's annual employment anniversary. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers, administrators, and employees earn sick leave at the rate of three hours per pay period, accruable to 80 hours. Sick leave in excess of 80 hours is reimbursed on a quarterly basis.

8. CONTINGENCIES:

Grants

The School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2011.

State Funding

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The review of fiscal year 2011 reconciliation revealed an underpayment to the School of $14,017 for the year. This amount has been included as a component of intergovernmental receivable within these financial statements. An overpayment of state funding related to fiscal year 2010 was $44,776, $26,866 of the remaining balance as of June 30, 2011 is included as a component of intergovernmental payable.

9. RELATED PARTY TRANSACTIONS:

Due to related parties

Included in due to related parties balance is $28,291 and $87,734 due to The ISUS Institute of Manufacturing and The ISUS Institute of Health Care, respectively, for reimbursement of administrative employees' payroll and pass through of grant funds. Also, included in the due to related parties is $227,027 due to ISUS Inc. for reimbursement of administrative employees' payroll, office supplies, and lease payments.

Improved Solutions for Urban Systems, Inc. (ISUS)

Improved Solutions for Urban Systems, Inc. (ISUS) is a not-for-profit corporation in the State of Ohio, operated under the direction of a different Board of Governance. The School paid $277,063 for administrative services to this organization during fiscal year 2011. At June 30, 2011, the School was due $175,631 from the organization and owed the organization $227,027. To obtain financial information, write to Improved Solutions for Urban Systems, Inc. (ISUS), David Bridge, Accountant, at 140 North Keowee Street, Dayton, OH 45402.

The ISUS Institute of Manufacturing
The ISUS Institute of Manufacturing is a not-for-profit corporation in the State of Ohio, operated under the direction of the same Board of Governance as this School. The School paid $6,968 for administrative services to this organization during fiscal year 2011. At June 30, 2011, the School was due $75,557 from the organization and owed the organization $28,291. To obtain financial information, write to The ISUS Institute of Construction Technology, David Bridge, Accountant, at 140 North Keowee Street, Dayton, OH 45402.

The ISUS Institute of Health Care
The ISUS Institute of Health Care is a not-for-profit corporation in the State of Ohio, operated under the direction of the same Board of Governance as this School. The School paid $0 for administrative services to this organization during fiscal year 2011. At June 30, 2011, the School was due $36,649 from the organization and owed the organization $87,734. To obtain financial information, write to The ISUS Institute of Construction Technology, David Bridge, Accountant, at 140 North Keowee Street, Dayton, OH 45402

10. PURCHASED SERVICES:
For the fiscal year 2011, purchased services expenses were payments for services rendered by various vendors for the following:

Professional/Technical Services	$	62,290
Contracted Craft/Trade Services		279,984
Administrative		227,935
Total purchased services	$	570,209

11. OPERATING LEASE:
During fiscal year 2011, the School leased a building and office facility under an operating lease agreement ending June 30, 2011 from ISUS, Inc. Total lease payments were $203,899 for the year ended June 30, 2011, which includes utilities, telephone service, and janitorial service. The basis for determining the payment was the square footage occupied by the School. The lease arrangement states it will automatically renew for four successive one year periods, absent an action by either of the parties to terminate the lease.

12. CAPITAL LEASE:
The School has entered a capital lease for copiers. The lease extends through January, 2013.

Future minimum lease payments are as follows:

2012	$	21,750
2013		21,750
2014		12,688
		56,188
Less amount representing interest		3,065
Present value of minimum lease payments	$	53,123
Current maturities	$	19,876
Noncurrent maturities		33,247
	$	53,123

The amount capitalized under lease agreement at June 30, 2011 was $98,163 and the related accumulated depreciation with respect to these assets was $48,469. Amortization expense has been included with depreciation expense for financial reporting purposes.

	Balance 06/30/10	Additions	Reductions	Balance 06/30/11	Due Within One Year
Capital lease	$ 72,169	-	19,046	53,123	19,876

13. CAPITAL ASSETS:

A summary of the capital assets at June 30, 2011 follows:

	Balance 06/30/10	Additions	Reductions	Balance 06/30/11
Capital assets, being depreciated:				
Furniture and equipment	$ 495,499	-	-	495,499
Less: accumulated depreciation	(368,976)	(51,324)	-	(420,300)
Leasehold improvements	22,768	-	-	22,768
Less: accumulated depreciation	(3,923)	(569)	-	(4,492)
Capital assets, net	$ 145,368	(51,893)	-	93,475

14. RELATED ORGANIZATIONS:

ISUS Trade and Technology Community School of Columbus and the ISUS Trade and Technology Community School of Springfield are community schools in the State of Ohio, operated under the direction of the same Board of Governance that operates the School. The abovementioned schools are in the start-up phase of the community school process. The School provides administrative services to the abovementioned community schools. To obtain financial information, write to The ISUS Institute of Construction Technology, Montgomery County, David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

The ISUS Institute of Manufacturing is a community school in the State of Ohio, operated under the direction of the same Board of Governance that operates the School. The School provides administrative services to the abovementioned community school with an amount due, as of June 30, 2011, to the School as defined in Note 9. The School paid $6,968 for administrative services to this organization during fiscal year 2011. To obtain financial information, write to The ISUS Institute of Construction Technology, Montgomery County, David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

The ISUS Institute of Health Care is a community school in the State of Ohio, operated under the direction of the same Board of Governance that operates the School. The School provides administrative services to the abovementioned community school with an amount due, as of June 30, 2011, to the School as defined in Note 9. The School paid $0 for administrative services to this organization during fiscal year 2011. To obtain financial information, write to The ISUS Institute of Construction Technology, Montgomery County, David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

Improved Solutions for Urban Systems, Inc. (ISUS) is a not-for-profit corporation in the State of Ohio, operated under the direction of a different Board of Governance. The School paid $277,063 for administrative services to this organization during fiscal year 2011. To obtain financial information, write to Improved Solutions for Urban Systems, Inc. (ISUS), David Bridge, Accountant, at 140 North Keowee Street, Dayton, Ohio 45402.

15. DUE TO RELATED PARTIES:

Due to related parties at June 30, 2011 consisted of the following:

ISUS, Inc.	$	227,027
Institute of Manufacturing		28,291
Institute of Health Care		87,734
Total due to related parties	$	343,052

16. INTERGOVERNMENTAL PAYABLE:

Intergovernmental payables at June 30, 2011 consisted of the following:

Ohio Department of Education	$	26,866

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number		Receipts	Grant Expenditures
United States Department of Agriculture					
Passed through Ohio Department of Education					
Nutrition Cluster:					
School Breakfast Program	10.553	08PU-2011		7,384	7,384
National School Lunch Program	10.555	LLP8-2011		18,670	18,670
Total United States Department of Agriculture - Nutrition Cluster				26,054	26,054
United States Department of Education					
Passed through Ohio Department of Education					
Title I Grants to Local Education Agencies	84.010	C1S1-11		48,510	48,510
Title I School Improvement	84.010	C1S1-11		20,160	20,160
ARRA - Title I	84.389			12,207	12,207
Total Title I cluster				80,877	80,877
Special Education Grants to States	84.027	6BSF-11		27,688	27,688
ARRA - Special Education Grants to States	84.391			20,682	20,682
Total Special Education cluster				48,370	48,370
Improving Teacher Quality State Grants	84.367	TRS1-11		23,061	23,061
Education Technology State Grants	84.318	TJS1-11		530	530
ARRA - State Fiscal Stabilization Funds	84.394			33,910	48,559
Race to the Top	84.395			15,553	15,553
Education Job Funds	84.410			24,351	24,351
Total United States Department of Education				226,652	241,301
Department of Justice					
Passed though from ISUS Corp					
Juvenile Justice and Delinquency Program	16.541			393,818	393,818
Corporation for National and Community Service					
Passed through from ISUS Corp					
AmeriCorps Competitive/Formula Sub-Grant	94.006			56,326	56,326
				56,326	56,326
United States Department of Labor					
Passed Through From ISUS Corp.					
ARRA - Green Capacity Building Grant	17.275	GJ-19806-10-60-A-39		30,501	30,501
YouthBuild Grants	17.274	YB-19047-09-60-A-39		257,899	257,899
				288,400	288,400
Total Federal Financial Assistance			$	991,250	1,005,899

See accompanying notes to Schedule of Expenditures of Federal Awards.

1. SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the School's federal award programs. The Schedule has been prepared in conformity with accounting principles generally accepted in the United States of America.

Note - $682,218 of the federal awards receipts are included in the School's (on behalf) revenue line item on the Statement of Revenues, Expenses and Changes in Net Assets.

2. MATCHING REQUIREMENTS:

Certain Federal programs require that the School contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School complied with these matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Governance
The ISUS Institute of Construction Technology
Dayton, Ohio

We have audited the financial statements of The ISUS Institute of Construction Technology as of and for the year ended June 30, 2011, and have issued our report thereon dated December 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of The ISUS Institute of Construction Technology is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The ISUS Institute of Construction Technology's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The ISUS Institute of Construction Technology's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The ISUS Institute of Construction Technology's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The ISUS Institute of Construction Technology's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Governance, management, others within the School, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 28, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Governance
The ISUS Institute of Construction Technology
Dayton, Ohio

Compliance
We have audited The ISUS Institute of Construction Technology's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The ISUS Institute of Construction Technology's major federal programs for the year ended June 30, 2011. The ISUS Institute of Construction Technology's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of The ISUS Institute of Construction Technology's management. Our responsibility is to express an opinion on The ISUS Institute of Construction Technology's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The ISUS Institute of Construction Technology's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of The ISUS Institute of Construction Technology's compliance with those requirements.

In our opinion, The ISUS Institute of Construction Technology complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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Internal Control Over Compliance

Management of The ISUS Institute of Construction Technology is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered The ISUS Institute of Construction Technology's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The ISUS Institute of Construction Technology's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Governance, others within the School and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

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December 28, 2011

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June 30, 2011

1. Summary of Auditors' Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses conditions reported at the financial statement level (GAGAS)?	None Noted
(d)(1)(ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	None Noted
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	None Noted
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	None Noted
(d)(1)(iv)	Were there any significant deficiencies reported for major federal programs?	None Noted
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	None Noted
(d)(1)(vii)	Major Programs (list):	- Juvenile Justice and Delinquency Prevention CFDA 16.541;
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

June 30, 2011

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None Noted

3. Findings and Questioned Costs for Federal Awards

None Noted

THE ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315(b)

June 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; **Explain**:
N/A	None	N/A	N/A

No prior findings and questioned costs.

CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

The ISUS Institute of Construction Technology
Montgomery County
140 N. Keowee Street
Dayton, Ohio 45402

To the Board of Education:

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

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

1. We noted the School amended its anti-harassment policy at its meeting on December 2, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 28, 2011

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Dave Yost • Auditor of State

ISUS INSTITUTE OF CONSTRUCTION TECHNOLOGY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 29, 2012

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