



Dave Yost • Auditor of State

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mahoning County High School
Mahoning County
100 DeBartolo Place, Suite 220
Youngstown, Ohio 44512

To the Governing Board:

We have audited the accompanying financial statements of Mahoning County High School, Mahoning County, Ohio (the "School"), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mahoning County High School, Mahoning County, Ohio, as of June 30, 2011, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Dave Yost
Auditor of State

March 5, 2012

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The Management's Discussion and Analysis of Mahoning County High School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal 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 fiscal year 2011 are as follows:

- In total, net assets were \$295,316, which represents an \$89,264 increase from 2010.
- The School had operating revenues of \$598,689 and operating expenses of \$878,574 for fiscal year 2011. The School also received \$368,634 in federal and state grants and \$515 in interest income during fiscal year 2011.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The *Statement of Net Assets* and *Statement of Revenues, Expenses and Changes in Net Assets* provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

Reporting the School's Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2011?" The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The Statement of Cash Flows provides information about how the School finances and is meeting the cash flow needs of its operations. The Statement of Cash Flows can be found on page 9 of this report.

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The table below provides a summary of the School's net assets for fiscal years 2011 and 2010.

	Net Assets	
	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current assets	\$ 350,803	\$ 179,894
Capital assets, net	<u>28,061</u>	<u>30,545</u>
Total assets	<u>378,864</u>	<u>210,439</u>
<u>Liabilities</u>		
Current liabilities	<u>83,548</u>	<u>4,387</u>
Total liabilities	<u>83,548</u>	<u>4,387</u>
<u>Net assets</u>		
Invested in capital assets	28,061	30,545
Restricted	80,491	44,246
Unrestricted	<u>186,764</u>	<u>131,261</u>
Total net assets	<u>\$ 295,316</u>	<u>\$ 206,052</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the School's net assets totaled \$295,316.

At year-end, capital assets represented 7.41% and 14.51% of total assets for fiscal years 2011 and 2010, respectively. Capital assets consisted of furniture and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

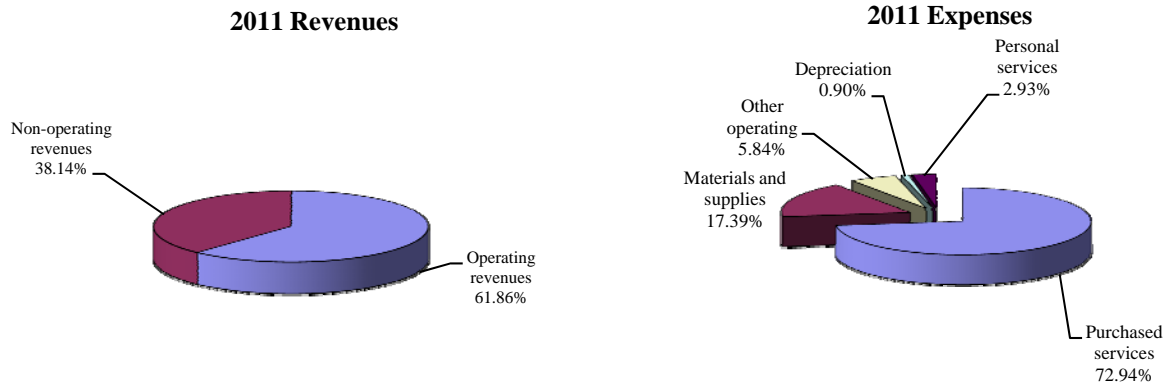
The table below shows the changes in net assets for fiscal years 2011 and 2010.

Change in Net Assets

	<u>2011</u>	<u>2010</u>
<u>Operating revenues:</u>		
State foundation	\$ 598,285	\$ 286,371
Other operating revenues	404	-
Total operating revenue	<u>598,689</u>	<u>286,371</u>
<u>Operating expenses:</u>		
Personal services	25,737	2,400
Purchased services	640,853	333,582
Materials and supplies	152,779	86,005
Other	51,327	21,762
Depreciation	<u>7,878</u>	<u>5,861</u>
Total operating expenses	<u>878,574</u>	<u>449,610</u>
<u>Non-operating revenues:</u>		
Federal and state grants	368,634	206,119
Interest income	<u>515</u>	<u>928</u>
Total non-operating revenues	<u>369,149</u>	<u>207,047</u>
Change in net assets	89,264	43,808
Net assets at beginning of year	<u>206,052</u>	<u>162,244</u>
Net assets at end of year	<u>\$ 295,316</u>	<u>\$ 206,052</u>

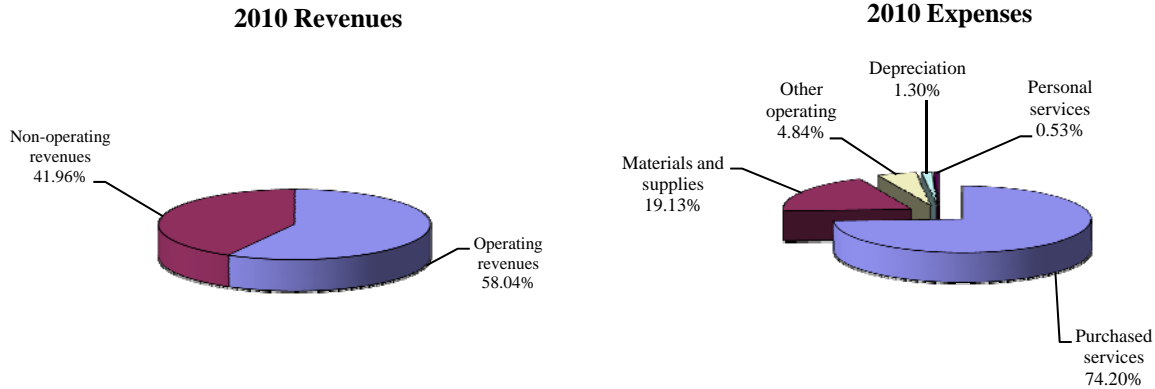
The dramatic increase in both operating revenues and operating expenses is a result of increasing enrollment at the School, from 44 students in 2010 to 87 students in 2011. The School continues to supplement its State foundation revenues by applying for federal and state grants whenever possible.

The charts below illustrate the revenues and expenses for the School during fiscal years 2011 and 2010.



**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**



Capital Assets

At June 30, 2011, the School had \$28,061 invested in furniture and equipment, net of accumulated depreciation. See Note 4 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The School relies on the State Foundation Funds as well as State and Federal Sub-Grants to provide the monies necessary to operate the school. The School has committed itself to providing educational opportunities to students. Management will aggressively pursue adequate funding to secure the financial stability of the School.

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Cynthia Lengyel, Treasurer, Mahoning County High School, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512-7019.

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011

Assets:	
Current assets:	
Cash and cash equivalents	\$ 217,036
Receivable:	
Intergovernmental.	132,898
Prepayments	869
Total current assets	<u>350,803</u>
Non-current assets:	
Capital assets, net	<u>28,061</u>
Total assets	<u>378,864</u>
 Liabilities:	
Current liabilities:	
Accounts payable.	42,180
Intergovernmental payable	<u>41,368</u>
Total liabilities	<u>83,548</u>
 Net assets:	
Invested in capital assets	28,061
Restricted for:	
State funded programs.	4,800
Federally funded programs	55,624
Other purposes.	20,067
Unrestricted.	<u>186,764</u>
Total net assets	<u>\$ 295,316</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating revenues:	
State foundation	\$ 598,285
Other operating revenues	404
Total operating revenues.	<u>598,689</u>
 Operating expenses:	
Personal services	25,737
Purchased services.	640,853
Materials and supplies	152,779
Other operating expenses	51,327
Depreciation	7,878
Total operating expenses.	<u>878,574</u>
 Operating loss	 <u>(279,885)</u>
 Non-operating revenues:	
Federal and state grants	368,634
Interest income	515
Total nonoperating revenues	<u>369,149</u>
 Change in net assets.	 89,264
 Net assets at beginning of year	 <u>206,052</u>
Net assets at end of year.	<u>\$ 295,316</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash flows from operating activities:	
Cash received from State foundation	\$ 574,970
Cash received from other operations	404
Cash payments for personal services	(25,737)
Cash payments to suppliers for goods and services . . .	(602,406)
Cash payments for materials and supplies	(110,256)
Cash payments for other expenses	(53,169)
	<hr/>
Net cash used in operating activities.	(216,194)
Cash flows from noncapital financing activities:	
Cash received from state and federal grants.	272,619
	<hr/>
Net cash provided by noncapital financing activities.	272,619
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(5,394)
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Net cash used in capital and related financing activities.	(5,394)
Cash flows from investing activities:	
Interest received	515
	<hr/>
Net cash provided by investing activities	515
	<hr/>
Net increase in cash and cash equivalents	51,546
Cash and cash equivalents at beginning of year . . .	165,490
Cash and cash equivalents at end of year	\$ 217,036
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Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (279,885)
Adjustments:	
Depreciation	7,878
Changes in assets and liabilities:	
* Increase in intergovernmental receivable	(23,315)
Increase in prepayments	(33)
Increase in accounts payable.	41,794
Increase in intergovernmental payable.	37,367
	<hr/>
Net cash used in operating activities	\$ (216,194)
	<hr/> <hr/>

Footnote:

cash flows reconciliation only provides a comparison for operating activities, therefore non-operating revenues are not considered in the reconciliation. An increase of \$23,315 was accounted for in the operating revenues, while the remaining increase of \$96,015 was from federal and state grants and was accounted for under non-capital financing activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE SCHOOL

Mahoning County High School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's objective is to meet the individual learning needs of at-risk students and/or students who are likely to drop out. The School targets students at risk of severe academic failure, primarily as a result of legal proceedings in the Mahoning County Juvenile Justice system. The School, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School is a legally separate, start-up community school, served by a five person Board of Directors. The Board of Directors shall be responsible for helping create, approve, and monitor the annual budget of the School, developing policies to guide the operation of the School, secure funding for the School, and maintaining a commitment to the vision, mission and belief statements of the School and the children it serves. The Treasurer of the Mahoning County Educational Service Center (the "Mahoning County ESC") acts as fiscal officer for the School.

The Mahoning County ESC sponsored the School during fiscal year 2011 (See Note 7.A). The Area Cooperative Computerized Educational Service System (ACCESS), under a purchased services contract with the School, provides internet, e-mail and other services to the School (See Note 7.B). Personnel providing services to the School on behalf of the Mahoning County ESC are considered employees of the ESC and the ESC shall be solely responsible for all payroll functions. The School provides services to 87 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. 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) guidance issued on or before November 30, 1989, provided it does not conflict or contradict GASB pronouncements. The School does not apply FASB guidance issued after November 30, 1989. The School's significant accounting policies are described below.

A. Basis of Presentation

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) 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/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Operating revenues are those revenues that are generated directly from the primary activity of the School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Measurement Focus and Basis of Accounting

Enterprise fund accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net 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 used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires the School to submit a financial plan detailing an estimated school budget for each fiscal year of the contract, or five years, whichever is less.

D. Cash

The School maintains an interest bearing depository account. All funds of the School are maintained in this account. This interest bearing depository account is presented on the statement of net assets as "cash and cash equivalents".

E. Capital Assets and Depreciation

Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the year. The School maintains a capitalization threshold of \$1,000. The School does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Equipment is depreciated over five to ten years.

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Intergovernmental Revenues

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Other grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

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

The 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 School is reporting accurate enrollment data to the State, upon which State Foundation funding is calculated. The conclusions of this review could result in state funding being adjusted. This review resulted in an underpayment to the School in the amount of \$23,943 for fiscal year 2011. This amount has been included in intergovernmental receivables on the basic financial statements.

The School also participates in the Federal Charter School Grant Program through the Ohio Department of Education. Money received under this program is recognized as non-operating revenue in the accompanying financial statements, unless it is restricted for capital acquisitions in which case it is recognized as a capital contribution. The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

H. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - DEPOSITS

At June 30, 2011, the carrying amount of all School deposits was \$217,036. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, the School's entire bank balance of \$219,952 was covered by the Federal Deposit Insurance Corporation.

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2011</u>
Furniture and equipment	\$ 38,714	\$ 5,394	\$ -	\$ 44,108
Less: accumulated depreciation	<u>(8,169)</u>	<u>(7,878)</u>	<u>-</u>	<u>(16,047)</u>
Capital assets, net	<u>\$ 30,545</u>	<u>\$ (2,484)</u>	<u>\$ -</u>	<u>\$ 28,061</u>

NOTE 5 - 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 contracted personnel; and natural disasters. For fiscal year 2011, the School contracted with Argonaut Insurance Company for general liability insurance with a \$1,000,000 limit for each occurrence and a \$2,000,000 annual aggregate limit. The School contracted with Argonaut Insurance Company for commercial property insurance with a coverage limit of \$25,000, subject to a \$1,000 deductible.

NOTE 6 - PURCHASED SERVICES

For fiscal year ended June 30, 2011, purchased service expenses were as follows:

Professional and technical services	\$ 573,145
Property services	22,115
Travel expenses	452
Communications	541
Contracted services	25,350
Pupil transportation services	<u>19,250</u>
Total	<u>\$ 640,853</u>

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 7 - CONTRACTS

A. Mahoning County ESC

The School entered into a sponsorship contract with Mahoning County ESC (the "ESC") effective April 1, 2008. Under the terms of the agreement, the ESC shall carry out the responsibilities established by law, including the following:

- Monitor and evaluate the academic and fiscal performance and the organization and operation of the School on at least a semi-annual basis;
- Report on an annual basis the results of the evaluation conducted to the Department of Education and to the parents/guardians of students enrolled in the School.
- Provide technical assistance and monitor the School's compliance with all laws applicable to the School and with the terms of the contract.
- Take steps to intervene in the School's operation to correct problems in the School's overall performance, declare the School to be on probationary status under Ohio Revised Code Section 3314.073, suspend operation of the School pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the ESC;
- Establish a plan of action to be undertaken if the School experiences financial difficulties or closes before the end of the school year;
- Act as fiscal agent of the School and provide the services of a qualified individual who shall, as an employee or contractor of the ESC, serve as the School's fiscal officer; and
- Support the School's establishment and operation, as determined to be appropriate by the ESC in the ESC's sole discretion.

The School also entered into a service agreement with the ESC, valid for one year that commenced on September 1, 2009 and thereafter shall be automatically renewed for successive one year terms until the agreement is terminated. This contract outlined the services that would be provided to the School, which include fiscal, payroll, administrative, and teaching services. The School made payments of \$588,057 to the ESC during fiscal year 2011 for these services.

B. Area Cooperative Computerized Educational Service System (ACCESS)

The School entered into a one-year agreement commencing on July 1, 2010 and ending June 30, 2011, with ACCESS for internet access, electronic mail, Ohio Uniform School Accounting System (USAS), the Uniform Staff Payroll System (USPS), Educational Management Information System (EMIS), Student Information System (SIS/POISE) to include student grade reporting, attendance and scheduling and INFOhio Automated library services. Separate and apart from this agreement, the School agrees to obtain at its own expense, the additional computer and electronic equipment necessary for receipt of these services at the School's facilities. The School paid ACCESS \$477.58 per month for services during fiscal year 2011.

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 8 - OPERATING LEASE

The School entered into a lease agreement on November 17, 2008, with the Youngstown City School District (the "District") to lease land and a building for the School. The lease shall continue through June 30, 2012, unless sooner terminated by either party upon giving at least sixty days written notice. The School shall pay the District one dollar for the term.

Except for natural gas, as described below, the School shall pay for the cost of utilities and services in the following percentages:

Telephone	100%
Electricity	95%
Natural gas	100%
Refuse collection	100%
Snow removal	100%
Water and sewage charge	100%
Security system	100%

The cost and delivery of natural gas which is above \$1,000 per month for the months of November through April during the term of the lease shall be paid by the District. The District's liability for natural gas usage and delivery to the building shall not exceed \$6,000 per school year.

The District shall pay the first \$2,000 for each occurrence of an item of maintenance or repair of any nature. For each maintenance or repair item that exceeds \$2,000, the District shall pay two-thirds of the excess and the School shall pay the remaining one-third. However, if any item of maintenance or repair is estimated to cost more than \$5,000, the District may determine that the maintenance or repair shall not be made, and the District may instead terminate the lease upon sixty days written notice.

NOTE 9 - CONTINGENCIES

Grants

The School receives 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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.

NOTE 10 - ACCOUNTABILITY AND COMPLIANCE

For fiscal year 2011, the School has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the financial statements of the School.

**MAHONING COUNTY HIGH SCHOOL
MAHONING COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the School.

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Dave Yost • Auditor of State

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

Mahoning County High School
Mahoning County
100 DeBartolo Place, Suite 220
Youngstown, Ohio 44512

To the Governing Board:

We have audited the financial statements of Mahoning County High School, Mahoning County, Ohio (the "School"), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

Dave Yost
Auditor of State

March 5, 2012



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Mahoning County High School
Mahoning County
100 DeBartolo Place, Suite 220
Youngstown, Ohio 44512

To the Governing Board:

Ohio Revised 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 Mahoning County High School (the "School") has updated its anti-harassment policy in accordance with Ohio Revised 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 October 26, 2011 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 and the School's Sponsor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 5, 2012



Dave Yost • Auditor of State

MAHONING HIGH SCHOOL

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 5, 2012**