

Dave Yost • Auditor of State



**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Ashland County Community Academy  
Ashland County  
176 Union Street  
Ashland, Ohio 44805

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Ashland County Community Academy, Ashland County, Ohio, (the Academy), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ashland County Community Academy, Ashland County, Ohio, as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2019, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



**Keith Faber**  
Auditor of State

Columbus, Ohio

April 4, 2019

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The management's discussion and analysis of the Ashland County Community Academy's ("ACCA") financial performance provides an overall review of ACCA's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at ACCA's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of ACCA's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2018 are as follows:

- In total, net position was \$551,979 at June 30, 2018.
- ACCA had operating revenues of \$673,321 operating expenses of \$893,132, and nonoperating revenues of \$91,132 for fiscal year 2018. The total change in net position for the fiscal year was a decrease of \$128,679.

**Using the Basic Financial Statements**

This annual report consists of management's discussion and analysis, the basic financial statements and the notes to those statements. These statements are organized so the reader can understand ACCA's financial activities. The statement of net position and the statement of revenues, expenses and changes in net position provide information about the activities of ACCA, including all short-term and long-term financial resources and obligations.

**Reporting ACCA's Financial Activities**

***Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows***

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, "How did ACCA do financially during fiscal year 2018?" These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report ACCA's net position and change in net position. This change in net position is important because it tells the reader that, for ACCA as a whole, the financial position of ACCA 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 ACCA finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 10-18 of this report.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The table below provides a summary of ACCA's net position at June 30, 2018 and June 30, 2017.

	<b>Net Position</b>	
	<u>2018</u>	<u>2017</u>
<b><u>Assets</u></b>		
Current assets	\$ 547,884	\$ 679,025
Capital assets, net	<u>8,405</u>	<u>16,577</u>
Total assets	<u>556,289</u>	<u>695,602</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>4,310</u>	<u>14,944</u>
Total liabilities	<u>4,310</u>	<u>14,944</u>
<b><u>Net Position</u></b>		
Investment in capital assets	8,405	16,577
Restricted	8,378	10,566
Unrestricted	<u>535,196</u>	<u>653,515</u>
Total net position	<u>\$ 551,979</u>	<u>\$ 680,658</u>

At June 30, 2018, total assets decreased \$139,313 or 20.03% mainly due to ACCA's decrease in cash fund balance.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, ACCA's net position totaled \$551,979.

At year end, capital assets represented 1.51% of total assets. Capital assets consisted of furniture and equipment and lease-hold improvements. 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.



**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

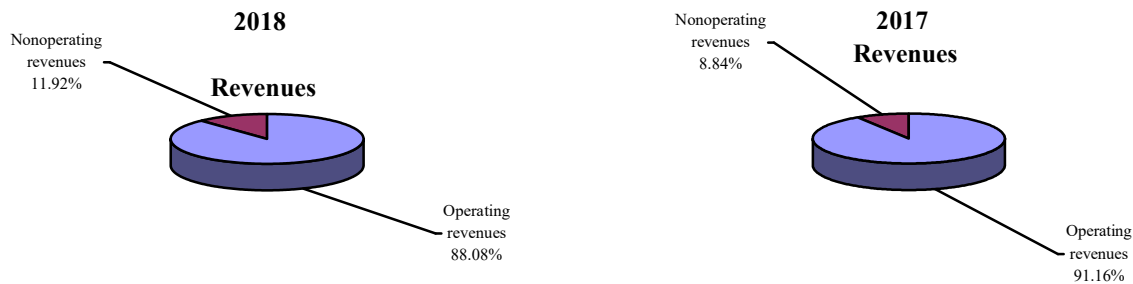
The table below shows the changes in net position for fiscal years 2018 and 2017.

**Change in Net Position**

	<u>2018</u>	<u>2017</u>
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 670,036	\$ 772,049
Other	3,285	3,499
Total operating revenues	<u>673,321</u>	<u>775,548</u>
<b><u>Operating Expenses:</u></b>		
Purchased services	868,547	624,416
Materials and supplies	13,299	36,226
Depreciation	8,172	8,774
Other	3,114	3,446
Total operating expenses	<u>893,132</u>	<u>672,862</u>
<b><u>Nonoperating Revenues:</u></b>		
State and Federal grants	84,241	72,195
Interest revenue	6,891	3,007
Total nonoperating revenues	<u>91,132</u>	<u>75,202</u>
Change in net position	(128,679)	177,888
Net position at beginning of year	<u>680,658</u>	<u>502,770</u>
Net position at end of year	<u>\$ 551,979</u>	<u>\$ 680,658</u>

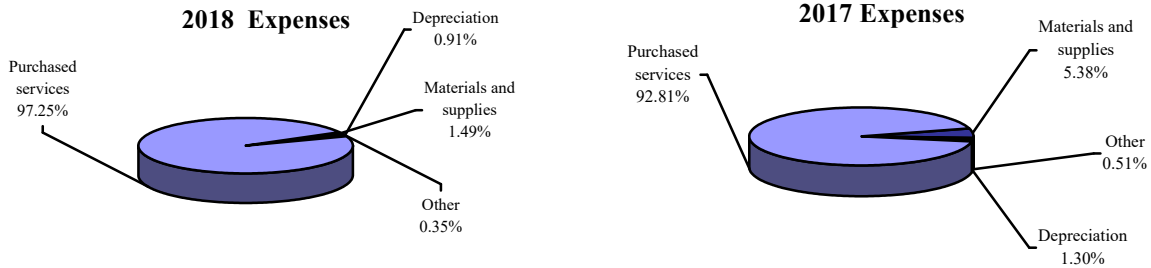
During fiscal year 2018, overall operating revenues decreased \$102,227 or 13.18% primarily due to a decrease in foundation revenue received from the State due to declining enrollment. Overall operating expenses increased \$220,270 or 32.74%, which is a due to an increase in purchased services.

The charts below illustrate the revenues and expenses for ACCA during fiscal years 2018 and 2017.



**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



**Capital Assets**

At June 30, 2018, ACCA had \$8,405 invested in furniture and equipment and lease-hold improvements. See Note 6 to the basic financial statements for detail on capital assets.

**Current Financial Related Activities**

ACCA is sponsored by Tri-County Educational Service Center. ACCA is reliant upon State foundation monies and State and Federal grants to offer quality, educational services to students.

In order to continually provide learning opportunities to ACCA's students, ACCA will apply resources to best meet the needs of its students. It is the intent of ACCA to apply for other State and Federal funds that are made available to finance its operations.

**Contacting ACCA's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of ACCA's finances and to show ACCA's accountability for the money it receives. If you have questions about this report or need additional financial information contact Stephen Earnest, Treasurer, Ashland County Community Academy, 716 Union Street, Ashland, Ohio 44805.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2018

<b>Assets:</b>	
Current assets:	
Cash and cash equivalents . . . . .	\$ 538,361
Receivables:	
Intergovernmental. . . . .	<u>9,523</u>
Total current assets . . . . .	<u>547,884</u>
Non-current assets:	
Capital assets, net . . . . .	<u>8,405</u>
Total assets. . . . .	<u>556,289</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable. . . . .	10
Intergovernmental payable . . . . .	<u>4,300</u>
Total current liabilities . . . . .	<u>4,310</u>
<b>Net position:</b>	
Investment in capital assets. . . . .	8,405
Restricted for:	
Public school support . . . . .	435
Locally funded programs. . . . .	59
State funded programs. . . . .	6,754
Federally funded programs . . . . .	1,130
Unrestricted. . . . .	<u>535,196</u>
Total net position. . . . .	<u>\$ 551,979</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<b>Operating revenues:</b>	
State foundation . . . . .	\$ 670,036
Other . . . . .	3,285
Total operating revenues . . . . .	<u>673,321</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	868,547
Materials and supplies . . . . .	13,299
Other. . . . .	3,114
Depreciation . . . . .	8,172
Total operating expenses. . . . .	<u>893,132</u>
Operating loss . . . . .	<u>(219,811)</u>
<b>Non-operating revenues:</b>	
State and Federal grants. . . . .	84,241
Interest revenue . . . . .	6,891
Total non-operating revenues . . . . .	<u>91,132</u>
Change in net position . . . . .	(128,679)
<b>Net position at beginning of year . . . . .</b>	<u>680,658</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 551,979</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<b>Cash flows from operating activities:</b>	
Cash received from state foundation . . . . .	\$ 659,372
Cash received from other operations . . . . .	3,285
Cash payments for contractual services . . . . .	(867,212)
Cash payments for materials and supplies . . . . .	(13,289)
Cash payments for other expenses . . . . .	(1,239)
	(219,083)
Net cash used in operating activities . . . . .	(219,083)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies . . . . .	78,045
	78,045
Net cash provided by noncapital financing activities . . . . .	78,045
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	6,891
	6,891
Net cash provided by investing activities . . . . .	6,891
Net decrease in cash and cash cash equivalents . . . . .	(134,147)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>672,508</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 538,361</b>
	538,361
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (219,811)
Adjustments:	
Depreciation . . . . .	8,172
Changes in assets and liabilities:	
Decrease in prepayments . . . . .	3,190
Increase in accounts payable . . . . .	10
(Decrease) in intergovernmental payable . . . . .	(10,644)
	(10,644)
Net cash used in operating activities . . . . .	\$ (219,083)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 - DESCRIPTION OF ACCA**

The Ashland County Community Academy (“ACCA”) is a non-profit 501(c)(3) corporation established pursuant to Ohio Revised Code Chapters 3314.02 and 3314.03 to develop a conversion school alternative educational program for academically at-risk area high school age students, including but not limited to special needs students. ACCA, which is part of the State’s education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices and all other operations. ACCA may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of ACCA. Management is not aware of any course of action or series of events that have occurred that might adversely affect ACCA’s tax-exempt status

On July 8, 2008, the Tri-County Educational Service Center (the “Sponsor”) accepted sponsorship of ACCA. ACCA became established as a non-profit corporation on January 20, 2009 and was approved under a five-year contract with the Sponsor commencing June 23, 2009 through June 30, 2014. ACCA was operated under a one-year contract with the Sponsor from July 1, 2014 through June 30, 2015. A new three-year contract was entered into with the same Sponsor commencing July 1, 2015 through June 30, 2018. The Sponsor is responsible for evaluating the performance of ACCA and has the authority to deny renewal of the contract at its expiration. The Board of Directors is responsible for the operations of ACCA.

ACCA operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out provisions of the contract which, include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards and admission standards. The Board of Directors controls ACCA’s instructional/support facility staffed by a one full time equivalent (FTE) Superintendent/Principal, five FTE certificated teaching personnel, three FTE non-certified staff members, and one certified part time related service providers who provide services to 118 students.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of ACCA 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. ACCA's significant accounting policies are described below.

**A. Basis of Presentation**

ACCA’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Enterprise fund 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.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

**B. Measurement Focus**

Enterprise fund accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position. The difference between total assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is defined as net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how ACCA finances and meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. ACCA's basic financial statements are prepared using the accrual basis of accounting.

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

Nonexchange transactions, in which ACCA receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which ACCA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to ACCA on a reimbursement basis.

Expenses are recognized at the time that they are incurred.

**D. 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 their contract with their Sponsor. The contract between ACCA and its Sponsor, Tri-County Educational Service Center, does not prescribe a budgetary process for ACCA.

**E. Cash and Investments**

All monies received by ACCA are deposited in a demand deposit account or included in ACCA's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio - the State Treasurer's Investment Pool), and are recorded on the statement of net position as "cash and cash equivalents".

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

ACCA has invested funds in STAR Ohio during fiscal year 2018. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

An analysis of ACCA's investments at fiscal year-end is provided in Note 4.

**F. Capital Assets and Depreciation**

All capital assets are capitalized at cost and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition value on the date donated. ACCA maintains a capitalization threshold of \$1,000. ACCA does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Lease-hold improvements are depreciated over the shorter of useful lives of the related capital assets or the lease period. Furniture and equipment are depreciated over 5-15 years. Depreciation is computed using the straight-line method.

**G. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. The outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of capital assets, and deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of capital assets or related debt, should also be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by ACCA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position has been restricted for public school support and State and federally funded programs.



**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

ACCA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**H. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**I. Intergovernmental Revenues**

ACCA currently participates in the State foundation program and the State of Ohio Educational Management Information System grant. ACCA also participates in Federal grant programs including IDEA-Part B, Title I and Improving Teacher Quality. Revenues from these programs are recognized in the accounting period in which they are earned, essentially the same as the fiscal year. State foundation revenue for fiscal year 2018 totaled \$670,036 and is recognized as operating revenue.

Grants and entitlements are recognized as nonoperating revenues in the accounting period in which all eligibility requirements, as described in Note 2.C, have been met. State and Federal grant revenue for fiscal year 2018 totaled \$84,241.

**J. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of ACCA. For ACCA, these revenues are primarily payments from the State foundation program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of ACCA. All revenues and expenses not meeting this definition are reported as non-operating.

**K. Estimates**

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

**L. Fair Market Value**

ACCA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2018, the ACCA has implemented GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension”, GASB Statement No. 81 “Irrevocable Split-Interest Agreements” GASB Statement No. 85, “Omnibus 2017” and GASB Statement No. 86, “Certain Debt Extinguishments”.

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 did not have an effect on the financial statements of ACCA.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of ACCA.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of ACCA.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of ACCA.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**A. Deposits with Financial Institutions**

At June 30, 2018, the carrying amount of ACCA’s deposits was \$87,205. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2018, ACCA’s entire bank balance of \$95,313 was covered by the Federal Deposit Insurance Corporation (FDIC).

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

At June 30, 2018, ACCA had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Maturity 6 months or less</u>
Amortized cost:		
STAR Ohio	\$ 451,156	\$ 451,156

The ACCA's investments in STAR Ohio are valued at the daily redemption value as reported by the underlying fund (Level 1 inputs).

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, ACCA's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. ACCA has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, ACCA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. ACCA's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* ACCA places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by ACCA at June 30, 2018:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Amortized cost:		
STAR Ohio	\$ 451,156	100.00

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position at June 30, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 87,205
Investments	<u>451,156</u>
Total	<u>\$ 538,361</u>
 <u>Cash and investments per statement of net position</u>	
Business-type activities	<u>\$ 538,361</u>

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2017 consisted of intergovernmental receivable in the amount of \$9,523. Receivables are disaggregated on the face of the basic financial statements. All accounts receivable are expected to be collected within the subsequent year.

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2018</u>
Furniture and equipment	\$ 66,787	\$ -	\$ -	\$ 66,787
Lease-hold improvements	32,542	-	-	32,542
Less: accumulated depreciation				
Furniture and equipment	(60,364)	(1,664)	-	(62,028)
Lease hold improvements	<u>(22,388)</u>	<u>(6,508)</u>	<u>-</u>	<u>(28,896)</u>
Capital assets, net	<u>\$ 16,577</u>	<u>\$ (8,172)</u>	<u>\$ -</u>	<u>\$ 8,405</u>

**NOTE 7 - RISK MANAGEMENT**

ACCA 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 2018, ACCA is a member of the Schools of Ohio Risk Sharing Authority (SORSA) consortium to provide its property and general liability insurance (See Note 12).

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 8 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2018, purchased services expenses were as follows:

Professional and technical services	\$ 720,134
Property services	90,974
Other purchased services	<u>56,124</u>
Total	<u>\$ 867,232</u>

**NOTE 9 - CONTRACTS**

**A. Sponsor Contract**

ACCA has entered into a three-year contract commencing on June 30, 2015 and continuing through June 30, 2018 with Tri-County Educational Service Center (the "Sponsor") for its establishment. The Sponsor shall carry out the responsibilities established by law, including:

- Attend training sessions as required by the Ohio Department of Education (ODE) and assure that technical assistance is provided to ACCA.
- Verify by a site visit prior to ACCA's opening for instruction whether ACCA complies with all requirements.
- Monitor ACCA's compliance with the contract with the Sponsor and the laws applicable to ACCA.
- Monitor and evaluate the academic and fiscal performance and the organization and operation of ACCA as well as the legal compliance of ACCA.
- Provide technical assistance to ACCA.
- Comply with the financial reporting requirements as established by ODE and in accordance with applicable accounting standards as prescribed by all applicable sections of the Ohio Revised Code.
- As permitted by law, intervene in ACCA's operation to correct problems in ACCA's overall performance, declare ACCA to be on probationary status pursuant to Ohio Revised Code Section 3314.073, suspend operation of ACCA 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 Sponsor.
- Establish a written plan of action to be undertaken in the event that ACCA experiences financial difficulties or closes before the end of the school year.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**NOTE 9 – CONTRACTS (Continued)**

**B. Special Services and Employment Services Contracts**

ACCA and the Sponsor have entered into a Special Services Contract and an Employment Services Contract commencing August 1, 2014 through July 31, 2015. The aforementioned contract was amended to commence January 31, 2016 and end July 31, 2026. The Sponsor shall serve as fiscal agent and pay all personnel expenses involved in ACCA programs including salary and fringe benefits. For these services, ACCA will reimburse the Sponsor the actual costs and pay the Sponsor 3% of the cost for providing the services. For the fiscal year ended June 30, 2018, ACCA paid the Sponsor \$598,678 for services under these contracts.

**NOTE 10 - OPERATING LEASE**

In fiscal year 2016, ACCA entered into a sixty month lease agreement with Enterprise Parkway Leasing, Ltd. for classroom space. The lease began on September 1, 2013 and is scheduled to terminate on August 31, 2018, at a rate of \$5,382 per month. ACCA makes payments related to the lease agreement directly to the leasing company.

A schedule of the future lease payments required under the operating lease at June 30, 2018 follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	<u>\$ 11,664</u>

**NOTE 11 - CONTINGENCIES**

**A. Grants**

ACCA received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of ACCA. However, the effect of any such disallowed claims on the overall financial position of ACCA at June 30, 2018, if applicable, cannot be determined at this time.

**B. Litigation**

ACCA is not party to legal proceedings which, in the opinion of ACCA management, will have a material effect, if any, on the financial condition of ACCA.

**C. State Foundation Funding**

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

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 11 – CONTINGENCIES (Continued)**

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2018.

As of the date of this report, additional ODE adjustments for fiscal year 2018 are finalized. As a result of this, the Academy was found to be overpaid \$373. This amount will be recouped by ODE through adjustments during fiscal year 2019.

In addition, the School's contracts with their Sponsor require payment based on revenues received from the State. In addition, the School's Contracts with their Sponsor require payment based on revenues received from the State. The overstatement of revenues above will result in an \$11 reimbursement to the Academy for sponsorship services.

**NOTE 12 - PUBLIC ENTITY RISK POOL**

Schools of Ohio Risk Sharing Authority

ACCA participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of Directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the participants' property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code Chapter 2744.

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**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The management's discussion and analysis of the Ashland County Community Academy's ("ACCA") financial performance provides an overall review of ACCA's financial activities for the year ended June 30, 2017. The intent of this discussion and analysis is to look at ACCA's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of ACCA's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position was \$680,658 at June 30, 2017.
- ACCA had operating revenues of \$775,548 operating expenses of \$672,862, and nonoperating revenues of \$75,202 for fiscal year 2017. The total change in net position for the fiscal year was an increase of \$177,888.

**Using the Basic Financial Statements**

This annual report consists of management's discussion and analysis, the basic financial statements and the notes to those statements. These statements are organized so the reader can understand ACCA's financial activities. The statement of net position and the statement of revenues, expenses and changes in net position provide information about the activities of ACCA, including all short-term and long-term financial resources and obligations.

**Reporting ACCA's Financial Activities**

***Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows***

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, "How did ACCA do financially during fiscal year 2017?" These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report ACCA's net position and change in net position. This change in net position is important because it tells the reader that, for ACCA as a whole, the financial position of ACCA 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 ACCA finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 10-19 of this report.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The table below provides a summary of ACCA's net position at June 30, 2017 and June 30, 2016.

	<b>Net Position</b>	
	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Current assets	\$ 679,025	\$ 590,066
Capital assets, net	<u>16,577</u>	<u>25,351</u>
Total assets	<u>695,602</u>	<u>615,417</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>14,944</u>	<u>112,647</u>
Total liabilities	<u>14,944</u>	<u>112,647</u>
<b><u>Net Position</u></b>		
Investment in capital assets	16,577	25,351
Restricted	10,566	6,131
Unrestricted	<u>653,515</u>	<u>471,288</u>
Total net position	<u>\$ 680,658</u>	<u>\$ 502,770</u>

At June 30, 2017, total assets increased \$80,185 or 13.03% mainly due to ACCA's increase in cash fund balance.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, ACCA's net position totaled \$680,658.

At year end, capital assets represented 2.38% of total assets. Capital assets consisted of furniture and equipment and lease-hold improvements. 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.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

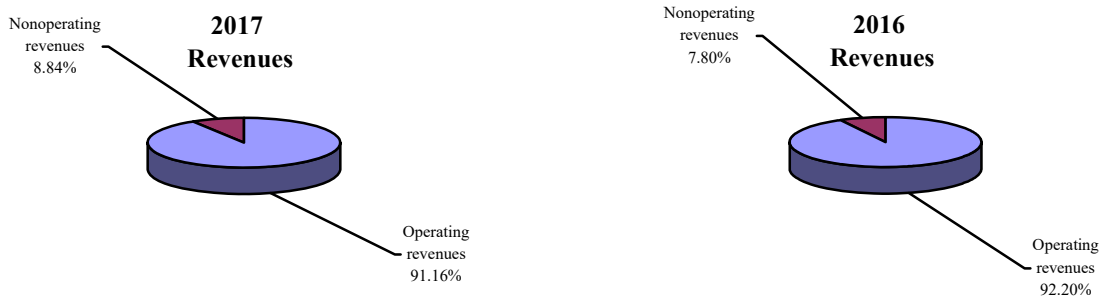
The table below shows the changes in net position for fiscal years 2017 and 2016.

**Change in Net Position**

	<u>2017</u>	<u>2016</u>
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 772,049	\$ 853,607
Charges for services	-	522
Other	<u>3,499</u>	<u>869</u>
Total operating revenues	<u>775,548</u>	<u>854,998</u>
<b><u>Operating Expenses:</u></b>		
Purchased services	624,416	789,936
Materials and supplies	36,226	35,954
Depreciation	8,774	11,333
Other	<u>3,446</u>	<u>19,491</u>
Total operating expenses	<u>672,862</u>	<u>856,714</u>
<b><u>Nonoperating Revenues:</u></b>		
State and Federal grants	72,195	71,321
Interest revenue	<u>3,007</u>	<u>1,047</u>
Total nonoperating revenues	<u>75,202</u>	<u>72,368</u>
Change in net position	177,888	70,652
Net position at beginning of year	<u>502,770</u>	<u>432,118</u>
Net position at end of year	<u>\$ 680,658</u>	<u>\$ 502,770</u>

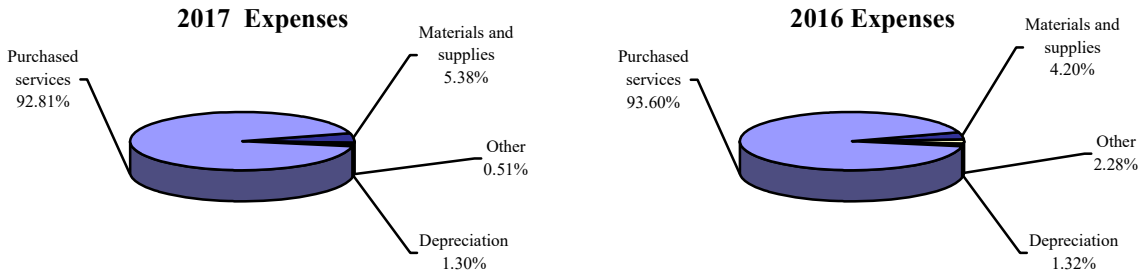
During fiscal year 2017, overall operating revenues decreased \$79,450 or 9.29% primarily due to a decrease in foundation revenue received from the State due to declining enrollment. Overall operating expenses decreased \$183,852 or 21.46%, which is a due to a decrease in purchased services.

The charts below illustrate the revenues and expenses for ACCA during fiscal years 2017 and 2016.



**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**Capital Assets**

At June 30, 2017, ACCA had \$16,577 invested in furniture and equipment and lease-hold improvements. See Note 6 to the basic financial statements for detail on capital assets.

**Current Financial Related Activities**

ACCA is sponsored by Tri-County Educational Service Center. ACCA is reliant upon State foundation monies and State and Federal grants to offer quality, educational services to students.

In order to continually provide learning opportunities to ACCA's students, ACCA will apply resources to best meet the needs of its students. It is the intent of ACCA to apply for other State and Federal funds that are made available to finance its operations.

**Contacting ACCA's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of ACCA's finances and to show ACCA's accountability for the money it receives. If you have questions about this report or need additional financial information contact Stephen Earnest, Treasurer, Ashland County Community Academy, 716 Union Street, Ashland, Ohio 44805.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2017

<b>Assets:</b>	
Current assets:	
Cash and cash equivalents . . . . .	\$ 672,508
Receivables:	
Intergovernmental. . . . .	3,327
Prepayments . . . . .	<u>3,190</u>
Total current assets . . . . .	<u>679,025</u>
Non-current assets:	
Capital assets, net . . . . .	<u>16,577</u>
Total assets. . . . .	<u>695,602</u>
<b>Liabilities:</b>	
Current liabilities:	
Intergovernmental payable . . . . .	<u>14,944</u>
Total liabilities . . . . .	<u>14,944</u>
<b>Net position:</b>	
Investment in capital assets. . . . .	16,577
Restricted for:	
Public school support . . . . .	435
State funded programs. . . . .	6,804
Federally funded programs . . . . .	3,327
Unrestricted. . . . .	<u>653,515</u>
Total net position. . . . .	<u>\$ 680,658</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<b>Operating revenues:</b>	
State foundation . . . . .	\$ 772,049
Other . . . . .	3,499
Total operating revenues . . . . .	<u>775,548</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	624,416
Materials and supplies . . . . .	36,226
Other. . . . .	3,446
Depreciation . . . . .	8,774
Total operating expenses. . . . .	<u>672,862</u>
Operating income . . . . .	<u>102,686</u>
<b>Non-operating revenues:</b>	
State and Federal grants. . . . .	72,195
Interest revenue . . . . .	3,007
Total non-operating revenues . . . . .	<u>75,202</u>
Change in net position . . . . .	177,888
<b>Net position at beginning of year. . . . .</b>	<u>502,770</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 680,658</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<b>Cash flows from operating activities:</b>	
Cash received from state foundation . . . . .	\$ 768,158
Cash received from other operations . . . . .	3,499
Cash payments for contractual services . . . . .	(712,515)
Cash payments for materials and supplies . . . . .	(36,260)
Cash payments for other expenses . . . . .	(8,445)
	14,437
Net cash provided by operating activities . . . . .	14,437
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies. . . . .	73,909
Net cash provided by noncapital financing activities. . . . .	73,909
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	3,007
Net cash provided by investing activities . . . . .	3,007
Net increase in cash and cash cash equivalents . . . . .	91,353
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>581,155</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 672,508</b>
<b>Reconciliation of operating income to net cash used in operating activities:</b>	
Operating income . . . . .	\$ 102,686
Adjustments:	
Depreciation . . . . .	8,774
Changes in assets and liabilities:	
Decrease in prepayments . . . . .	680
(Decrease) in accounts payable . . . . .	(15,226)
(Decrease) in intergovernmental payable . . . . .	(82,477)
Net cash provided by operating activities . . . . .	\$ 14,437

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 - DESCRIPTION OF ACCA**

The Ashland County Community Academy (“ACCA”) is a non-profit 501(c)(3) corporation established pursuant to Ohio Revised Code Chapters 3314.02 and 3314.03 to develop a conversion school alternative educational program for academically at-risk area high school age students, including but not limited to special needs students. ACCA, which is part of the State’s education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices and all other operations. ACCA may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of ACCA. Management is not aware of any course of action or series of events that have occurred that might adversely affect ACCA’s tax-exempt status

On July 8, 2008, the Tri-County Educational Service Center (the “Sponsor”) accepted sponsorship of ACCA. ACCA became established as a non-profit corporation on January 20, 2009 and was approved under a five-year contract with the Sponsor commencing June 23, 2009 through June 30, 2014. ACCA was operated under a one-year contract with the Sponsor from July 1, 2014 through June 30, 2015. A new three-year contract was entered into with the same Sponsor commencing July 1, 2015 through June 30, 2018. The Sponsor is responsible for evaluating the performance of ACCA and has the authority to deny renewal of the contract at its expiration. The Board of Directors is responsible for the operations of ACCA.

ACCA operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out provisions of the contract which, include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards and admission standards. The Board of Directors controls ACCA’s instructional/support facility staffed by a one full time equivalent (FTE) Superintendent/Principal, five FTE certificated teaching personnel, three FTE non-certified staff members, and one certified part time related service providers who provide services to 118 students.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of ACCA 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. ACCA's significant accounting policies are described below.

**A. Basis of Presentation**

ACCA’s basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. Enterprise fund 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.



**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**B. Measurement Focus**

Enterprise fund accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the statement of net position. The difference between total assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is defined as net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how ACCA finances and meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. ACCA's basic financial statements are prepared using the accrual basis of accounting.

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

Nonexchange transactions, in which ACCA receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which ACCA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to ACCA on a reimbursement basis.

Expenses are recognized at the time that they are incurred.

**D. 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 their contract with their Sponsor. The contract between ACCA and its Sponsor, Tri-County Educational Service Center, does not prescribe a budgetary process for ACCA.

**E. Cash and Investments**

All monies received by ACCA are deposited in a demand deposit account or included in ACCA's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio - the State Treasurer's Investment Pool), and are recorded on the statement of net position as "cash and cash equivalents".

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

ACCA has invested funds in STAR Ohio during fiscal year 2017. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

An analysis of ACCA's investments at fiscal year-end is provided in Note 4.

**F. Capital Assets and Depreciation**

All capital assets are capitalized at cost and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition value on the date donated. ACCA maintains a capitalization threshold of \$1,000. ACCA does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Lease-hold improvements are depreciated over the shorter of useful lives of the related capital assets or the lease period. Furniture and equipment are depreciated over 5-15 years. Depreciation is computed using the straight-line method.

**G. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. The outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of capital assets, and deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of capital assets or related debt, should also be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by ACCA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position has been restricted for public school support and State and federally funded programs.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

ACCA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**H. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**I. Intergovernmental Revenues**

ACCA currently participates in the State foundation program and the State of Ohio Educational Management Information System grant. ACCA also participates in Federal grant programs including IDEA-Part B, Title I and Improving Teacher Quality. Revenues from these programs are recognized in the accounting period in which they are earned, essentially the same as the fiscal year. State foundation revenue for fiscal year 2017 totaled \$772,049, and is recognized as operating revenue.

Grants and entitlements are recognized as nonoperating revenues in the accounting period in which all eligibility requirements, as described in Note 2.C, have been met. State and Federal grant revenue for fiscal year 2017 totaled \$72,195.

**J. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of ACCA. For ACCA, these revenues are primarily payments from the State foundation program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of ACCA. All revenues and expenses not meeting this definition are reported as non-operating.

**K. Estimates**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2017, the ACCA has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of ACCA.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)**

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of ACCA.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of ACCA.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of ACCA.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

**A. Deposits with Financial Institutions**

At June 30, 2017, the carrying amount of ACCA's deposits was \$228,243. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, ACCA's entire bank balance of \$241,159 was covered by the Federal Deposit Insurance Corporation (FDIC).

**B. Investments**

At June 30, 2017, ACCA had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Maturity 6 months or less</u>
Amortized cost:		
STAR Ohio	<u>\$ 444,265</u>	<u>\$ 444,265</u>

The ACCA's investments in STAR Ohio are valued at the daily redemption value as reported by the underlying fund (Level 1 inputs).

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, ACCA's investment policy limits investment portfolio maturities to five years or less.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. ACCA has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, ACCA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. ACCA's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* ACCA places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by ACCA at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Amortized cost: STAR Ohio	\$ 444,265	100.00

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position at June 30, 2017:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 228,243
Investments	<u>444,265</u>
Total	<u>\$ 672,508</u>
 <u>Cash and investments per statement of net position</u>	
Business-type activities	<u>\$ 672,508</u>

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2017 consisted of intergovernmental receivable in the amount of \$3,327. Receivables are disaggregated on the face of the basic financial statements. All accounts receivable are expected to be collected within the subsequent year.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 6 - CAPITAL ASSETS**

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

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2017</u>
Furniture and equipment	\$ 66,787	\$ -	\$ -	\$ 66,787
Lease-hold improvements	32,542	-	-	32,542
Less: accumulated depreciation	<u>(73,978)</u>	<u>(8,774)</u>	<u>-</u>	<u>(82,752)</u>
Capital assets, net	<u>\$ 25,351</u>	<u>\$ (8,774)</u>	<u>\$ -</u>	<u>\$ 16,577</u>

**NOTE 7 - RISK MANAGEMENT**

ACCA 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 2017, ACCA is a member of the Schools of Ohio Risk Sharing Authority (SORSA) consortium to provide its property and general liability insurance (See Note 12).

**NOTE 8 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2017, purchased services expenses were as follows:

Professional and technical services	\$ 500,580
Property services	88,458
Other purchased services	<u>46,110</u>
Total	<u>\$ 635,148</u>

**NOTE 9 - CONTRACTS**

**A. Sponsor Contract**

ACCA has entered into a three-year contract commencing on June 30, 2015 and continuing through June 30, 2018 with Tri-County Educational Service Center (the "Sponsor") for its establishment. The Sponsor shall carry out the responsibilities established by law, including:

- Attend training sessions as required by the Ohio Department of Education (ODE) and assure that technical assistance is provided to ACCA.
- Verify by a site visit prior to ACCA's opening for instruction whether ACCA complies with all requirements.
- Monitor ACCA's compliance with the contract with the Sponsor and the laws applicable to ACCA.
- Monitor and evaluate the academic and fiscal performance and the organization and operation of ACCA as well as the legal compliance of ACCA.

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 9 - CONTRACTS - (Continued)**

- Provide technical assistance to ACCA.
- Comply with the financial reporting requirements as established by ODE and in accordance with applicable accounting standards as prescribed by all applicable sections of the Ohio Revised Code.
- As permitted by law, intervene in ACCA’s operation to correct problems in ACCA’s overall performance, declare ACCA to be on probationary status pursuant to Ohio Revised Code Section 3314.073, suspend operation of ACCA 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 Sponsor.
- Establish a written plan of action to be undertaken in the event that ACCA experiences financial difficulties or closes before the end of the school year.

**B. Special Services and Employment Services Contracts**

ACCA and the Sponsor have entered into a Special Services Contract and an Employment Services Contract commencing August 1, 2014 through July 31, 2015. The aforementioned contract was amended to commence January 31, 2016 and end July 31, 2026. The Sponsor shall serve as fiscal agent and pay all personnel expenses involved in ACCA programs including salary and fringe benefits. For these services, ACCA will reimburse the Sponsor the actual costs and pay the Sponsor 3% of the cost for providing the services. For the fiscal year ended June 30, 2017, ACCA paid the Sponsor \$542,124 for services under these contracts.

**NOTE 10 - OPERATING LEASE**

In fiscal year 2016, ACCA entered into a sixty month lease agreement with Enterprise Parkway Leasing, Ltd. for classroom space. The lease began on September 1, 2013 and is scheduled to terminate on August 31, 2018, at a rate of \$5,382 per month. ACCA makes payments related to the lease agreement directly to the leasing company.

A schedule of the future lease payments required under the operating lease at June 30, 2017 follows:

Fiscal Year <u>Ending June 30,</u>	<u>Amount</u>
2018	\$ 64,584
2019	<u>10,764</u>
Total payments	<u><u>\$ 75,348</u></u>

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 11 - CONTINGENCIES**

**A. Grants**

ACCA received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of ACCA. However, the effect of any such disallowed claims on the overall financial position of ACCA at June 30, 2017, if applicable, cannot be determined at this time.

**B. Litigation**

ACCA is not party to legal proceedings which, in the opinion of ACCA management, will have a material effect, if any, on the financial condition of ACCA.

**C. State Foundation Funding**

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

Under Ohio Rev. Code Section 3314.08, ODE may also perform a FTE Review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance. ODE performed such a review on the School for fiscal year 2017.

As of the date of this report, ODE adjustments for fiscal year 2017 have been finalized. As a result of this, the Academy was found to be overpaid \$11,033. This amount will be recouped by ODE through adjustments during fiscal year 2018.

In addition, the School's Contracts with their Sponsor require payment based on revenues received from the State. The overstatement of revenues above will result in a \$331 reimbursement to the Academy for sponsorship services.



**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 12 - PUBLIC ENTITY RISK POOL**

Schools of Ohio Risk Sharing Authority

ACCA participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of Directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the participants' property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code Chapter 2744.

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

Ashland County Community Academy  
Ashland County  
176 Union Street  
Ashland, Ohio 44805

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Ashland County Community Academy, Ashland County, (the Academy) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated April 4, 2019.

***Internal Control Over Financial Reporting***

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

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-001 and 2018-002.

***Academy's Response to Findings***

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

***Purpose of this Report***

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



**Keith Faber**  
Auditor of State

Columbus, Ohio

April 4, 2019

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2018 AND 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-001**

**Material Weakness / Noncompliance – Student FTE Reporting**

**Ohio Rev. Code § 3314.08 (H)(2)** provides in part, a student shall be considered to be enrolled in a community school for the period of time beginning on the later of the date on which the school both has received documentation of the student's enrollment from a parent and the student has commenced participation in learning opportunities as defined in the contract with the sponsor, or thirty days prior to the date on which the student is entered into the education management information system established under section 3301.0714 of the Revised Code. For purposes of applying this division and divisions (H)(3) and (4) of this section to a community school student, "learning opportunities" shall be defined in the contract, which shall describe both classroom-based and non-classroom-based learning opportunities and shall be in compliance with criteria and documentation requirements for student participation which shall be established by the department. Any student's instruction time in non-classroom-based learning opportunities shall be certified by an employee of the community school.

**Ohio Rev. Code § 3314.08 (H)(3)** states, in part, the department shall determine each community school student's percentage of full-time equivalency (FTE) based on the percentage of learning opportunities offered by the community school to that student, reported either as number of hours or number of days, is of the total learning opportunities offered by the community school to a student who attends for the school's entire school year. However, no internet- or computer-based community school shall be credited for any time a student spends participating in learning opportunities beyond ten hours within any period of twenty-four consecutive hours. Whether it reports hours or days of learning opportunities, each community school shall offer not less than nine hundred twenty hours of learning opportunities during the school year.

During 2018 and 2017, the Academy did not maintain documentation of excused absences within the Academy's attendance system.

During 2017, seven of the eight students tested had an overlap between the time spent in-class and time recorded within the online learning software. As such, the actual number of hours of instructional time participated in by students were not determinable. Additionally, no policies or procedures were adopted to address how such overlaps would be monitored and addressed.

Additionally, during 2017 the Academy did not ensure daily attendance logs were complete. All of the eight students tested had partial or no log-out times corresponding to the log-in times documented in the attendance logs, making the actual number of hours spent in class indeterminable.

Without procedures preventing the overlap of online and in-class time and without procedures in place to track the number of hours spent in class, the FTE's of students enrolled at the Academy cannot be calculated.

Additionally, as the Academy's FTE calculation when operating as a blended learning school excludes excused absence days, the Academy cannot ensure its FTE calculation is accurate.

The Academy should adopt policies and procedures to monitor and address any time that overlaps between in-class attendance and hours logged into the online learning software. Additionally, the Academy should record all excused absences into the attendance system.

**Officials' Response:** See Corrective Action Plan

**ASHLAND COUNTY COMMUNITY ACADEMY  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2018 & 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2018-002**

**Material Weakness / Noncompliance – Proof of Residency**

**Ohio Rev. Code § 3314.11(A)** states, "The governing authority of each community school established under this chapter monthly shall review the residency records of students enrolled in that community school. Upon the enrollment of each student and on an annual basis, the governing authority shall verify to the department of education the school district in which the student is entitled to attend school under section 3313.64 or 3313.65 of the Revised Code."

Additionally, section (E) of this section states "For purposes of this section, the following documents may serve as evidence of primary residence:

- (1) A deed, mortgage, lease, current home owner's or renter's insurance declaration page, or current real property tax bill;
- (2) A utility bill or receipt of utility installation issued within ninety days of enrollment;
- (3) A paycheck or paystub issued to the parent or student within ninety days of the date of enrollment that includes the address of the parent's or student's primary residence;
- (4) The most current available bank statement issued to the parent or student that includes the address of the parent's or student's primary residence;
- (5) Any other official document issued to the parent or student that includes the address of the parent's or student's primary residence. The superintendent of public instruction shall develop guidelines for determining what qualifies as an "official document" under this division."

The Academy did not maintain proof of residency documentation for students attending the Academy during 2018 and 2017.

Failure to maintain the proof of residency documentation for students prevents the Academy from properly establishing where a student is entitled to attend school.

We recommend that the Academy maintain proof of residency documentation for all students in attendance.

**Officials' Response:** See Corrective Action Plan

**ASHLAND COUNTY COMMUNITY ACADEMY  
176 UNION STREET  
ASHLAND, OHIO 44805**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018 AND 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Online Student FTE Calculation	Not corrected	See Finding 2018-001 and corrective action plan

**ASHLAND COUNTY COMMUNITY ACADEMY  
176 UNION STREET  
ASHLAND, OHIO 44805**

**CORRECTIVE ACTION PLAN  
JUNE 30, 2018 AND 2017**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2018-001	Ashland County Community Academy will incorporate guidance from ODE regarding documentation of online learning opportunities, as well as time spent on off-line and non-computer learning opportunities, into the Academy's reporting of full-time equivalent data for its students who receive instruction outside a classroom setting.	Immediately	Allen Wilson, Superintendent
2018-002	<p>Ashland County Community Academy will implement standard policy for all students and parent/guardians (where applicable) to provide documentation to establish proof of residency as part of the school's enrollment packet. Proof of residency documentation will be kept on file in the school's main office.</p> <p>These are the additional procedures we implement when we have not received the documentation at enrollment time:</p> <p>A. Contact the parent by phone to remind them to submit the "proof of residence".</p> <p>B. Send a letter to the residence within 15 days of enrollment if the phone contact has not worked.</p> <p>C. Dispatch the community school "home liaison" to visit the residence if either "A or B" do not produced the necessary documentation for declaring residency.</p>	Immediately	Allen Wilson, Superintendent



# OHIO AUDITOR OF STATE KEITH FABER



**ASHLAND COUNTY COMMUNITY ACADEMY**

**ASHLAND COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 4, 2019**