



**Auditor of State
Betty Montgomery**

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountant's Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets - June 30, 2004	7
Statement of Revenues, Expenses and Changes in Net Assets - For the Year Ended June 30, 2004.....	8
Statement of Cash Flows – For the Year Ended June 30, 2004	9
Notes to the Basic Financial Statements	11
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	23
Schedule of Findings.....	25
Schedule of Prior Audit Findings.....	27

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Richard Allen Academy Community School
Montgomery County
368 S. Patterson Blvd.
Dayton, Ohio 45402

To the Members of the Board:

We have audited the accompanying basic financial statements of Richard Allen Academy Community School, Montgomery County, (the School), as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Richard Allen Academy Community School, Montgomery County, as of June 30, 2004, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2004, the School implemented a new financial reporting model as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 7, 2004

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004**

The discussion and analysis of Richard Allen Academy Community School's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2004. 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.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2004 are as follows:

- Total net assets increased \$6,499 in fiscal year 2004, which represents 21.1 percent increase from fiscal year 2003, as a result of increases in all revenue categories (most of which are based on enrollment numbers) and management's efforts to control operating costs.
- Total assets increased \$32,854 which represents a 22.14 percent increase from the prior year. The increase is primarily due to increases in cash held by the School and accounts receivables recorded at the end of the fiscal year.
- The operating loss reported for fiscal year 2004 (\$157,064) was \$185,179 less than the operating loss reported for fiscal year 2003 or a 45.9 percent increase.

Using this Financial Report

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

Statement of Net Assets

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

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

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004
(Continued)**

Table 1 provides a summary of the School's net assets for fiscal year 2004 compared with fiscal year 2003.

	Table 1	2004	2003
	Net Assets	<u>2004</u>	<u>2003</u>
Assets:			
Current and other assets		\$110,752	\$61,437
Capital assets, net		<u>70,519</u>	<u>86,980</u>
Total Assets		<u>181,271</u>	<u>148,417</u>
Liabilities:			
Current liabilities		124,882	102,131
Non-current liabilities		<u>19,049</u>	<u>15,445</u>
Total Liabilities		143,931	117,576
Net Assets:			
Invested in capital assets		55,074	67,238
Restricted		23,845	43,588
Unrestricted		<u>(41,579)</u>	<u>(79,985)</u>
Total Net Assets		<u>\$ 37,340</u>	<u>\$30,841</u>

Total net assets of the School increased by \$6,499 or 21.1 percent. The increase in total net assets from fiscal year 2003 is due to increased funding amounts from the State of Ohio, which is based on student enrollment, as well as management's efforts to control cost. In the prior year, the negative change in net assets was \$(206,589) and the change in net assets this year was \$6,499 or \$213,088 higher than what was reported for fiscal year 2003. Management continues efforts to maintain operating costs at a reasonable level to ensure the financial stability of the School.

As noted in Table 1 above, reported restricted net assets at June 30, 2004 decreased by \$19,743 from those reported at June 30, 2003. The decrease is due to less federal monies being maintained by the School. Request for funds are being submitted after expenses are recognized, with the general operating funds being used to cover any program deficits until payment is received. While reported unrestricted net assets at June 30, 2004 was \$(41,579), that deficit net asset balance is \$38,406 higher than the deficit amount reported for unrestricted net assets for fiscal year 2003. The overall increase in revenues and reductions in expenses contributed to reducing the deficit unrestricted net assets reported at year end.

The decrease of \$12,164 in net assets invested in capital assets results from recognizing current year depreciation of capital assets (\$25,638) which was partially offset by current year capital asset acquisition in the amount of \$9,177 and the repayment of debt used to acquire equipment in previous fiscal years.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004
(Continued)**

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2004, as well as revenue and expense comparisons to fiscal year 2003.

**Table 2
Changes in Net Assets**

	<u>2004</u>	<u>2003</u>
Operating Revenues:		
Foundation payments	\$1,188,468	\$1,083,145
Disadvantage Pupil	176,486	173,025
Miscellaneous revenues	12,998	1,610
Non Operating Revenues:		
State and federal grants	164,401	131,877
Gain on disposal of asset	-	4,891
	<u>1,542,353</u>	<u>1,394,548</u>
Operating Expenses:		
Salaries	4,079	606,972
Fringe benefits	190,920	136,890
Contractual employees	783,092	-
Management company fees	341,428	460,902
Building rental	64,465	63,600
Other purchased services	29,250	211,149
Materials and supplies	94,286	90,191
Depreciation	25,638	21,429
Other expenses	1,858	8,890
Non Operating Expenses		
Interest and fiscal charges	838	1,114
	<u>1,535,854</u>	<u>1,601,137</u>
Increase in net assets	6,499	(206,589)
Net assets, beginning of year	<u>30,841</u>	<u>237,430</u>
Net assets, end of year	<u><u>37,340</u></u>	<u><u>30,841</u></u>

The increase in State foundation payments noted for fiscal year 2004 is the result of an increase in the number of students enrolled in the School as well as increases in the per pupil funding amount for fiscal year 2004. Funding provided through state and federal grants increased \$32,524 over fiscal year 2003 funding levels. An increase in Title I grant allocations of approximately \$45,000 was noted during fiscal year 2004 whereas allocations for all other federal grant programs decreased by slightly over \$14,000. Funding provided through state grants were relatively consistent with those received in prior year.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2004
(Continued)**

Total expenses of the School reported the fiscal year were \$65,283 less than those reported for the previous fiscal year. While payroll and related benefit expenses increased \$234,229 or 31.49 percent from fiscal year 2003 amounts, this was primarily due to the manner in which the payroll and benefit costs of the employees are classified. Beginning in August 2003, all employees were paid by the Institute of Charter School Management Resources, Inc. (ICSMR) and the School was then responsible for reimbursing ICSMR for gross payroll and benefits. In addition, certain positions which were once paid for through the management fees charged are now being allocated, in part, to the School. This also partially explains the decrease in the management fee and other purchased services expenses reported in fiscal year 2004 versus that reported in fiscal year 2003.

Capital Assets

At June 30, 2004 capital assets of the School were \$131,664 off-set by \$61,145 in accumulated depreciation resulted in net capital assets of \$70,519. Table 3 shows the categories of capital assets maintained by the School, net of accumulated depreciation, at June 30, 2004 and 2003.

**Table 3
Capital Assets, Net of
Depreciation**

	<u>2004</u>	<u>2003</u>
Leasehold improvements	\$12,067	\$11,405
Equipment	53,369	68,292
Vehicles	<u>5,083</u>	<u>7,283</u>
Totals	<u>\$70,519</u>	<u>\$86,980</u>

The \$16,461 decrease in total net capital assets is due to current year depreciation expense of \$25,638 exceeding the \$9,177 of capital assets acquired during fiscal year 2004.

See Note 7 of the notes to the basic financial statements for more detailed information on the School's capital assets.

Debt

At June 30, 2004, the debt obligations of the School consisted of a \$10,000 demand note payable issued during fiscal year 2004 for cash flow purposes and a capital lease entered into in prior fiscal years to obtain equipment. See Notes 6 and 8 to the basic financial statements for additional details.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Richard Allen Academy Community School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Richard Allen Community School, 368 South Patterson Blvd, Dayton, OH 45402.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2004**

Assets:

Current assets

Cash	\$58,622
Receivables	
Intergovernmental	26,493
Accounts	24,570
Prepaid expenses	1,067
	<hr/>
Total current assets	110,752

Noncurrent assets

Capital assets (net of accumulated depreciation)	70,519
	<hr/>
Total assets	181,271

Liabilities:

Current liabilities

Accounts payable	14,733
Accrued contract labor	73,102
Intergovernmental payable	22,543
Notes payable	10,000
Capital leases payable	4,504
	<hr/>
Total current liabilities	124,882

Noncurrent liabilities

Compensated absences payable	8,108
Capital leases payable	10,941
	<hr/>
Total noncurrent liabilities	19,049

Total liabilities	143,931
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Net Assets:

Invested in capital assets, net of related debt	55,074
Restricted for educational grants	23,845
Unrestricted	(41,579)
	<hr/>
Total net assets	\$37,340

See accompanying notes to the financial statements.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

Operating revenues	
Foundation payments	\$1,188,468
Disadvantaged pupil impact aid	176,486
Miscellaneous revenue	12,998
	<hr/>
Total operating revenues	1,377,952
	<hr/>
Operating expenses	
Salaries	4,079
Fringe benefits	190,920
Contractual employees	783,092
Management company fees	341,428
Building rental	64,465
Other purchased services	29,250
Materials and supplies	94,286
Depreciation	25,638
Other	1,858
	<hr/>
Total operating expenses	1,535,016
	<hr/>
Operating loss	(157,064)
	<hr/>
Nonoperating revenues/(expenses)	
State and federal grant revenue	164,401
Interest and fiscal charges	(838)
	<hr/>
Net nonoperating revenues	163,563
	<hr/>
Change in net assets	6,499
Net assets, beginning of year	30,841
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Net assets, end of year	\$37,340
	<hr/> <hr/>

See accompanying notes to the financial statements.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES

Cash from State of Ohio	\$1,384,442
Cash payments to suppliers for goods and services	(190,359)
Cash payments to employees for services and benefits	(1,334,212)
Other operating revenue	12,998
	<u>12,998</u>
Net cash used for operating activities	<u>(127,131)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State and federal grant revenues	164,450
Proceeds from note payable	10,000
	<u>10,000</u>
Net cash provided by noncapital financing activities	<u>174,450</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Capital acquisitions	(9,177)
Principal paid on capital lease	(4,297)
Interest paid on capital lease	(838)
	<u>(838)</u>
Net cash used by capital and related financing activities	<u>(14,312)</u>

NET DECREASE IN CASH 33,007

CASH , BEGINNING OF YEAR 25,615

CASH , END OF YEAR 58,622

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	(157,064)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	25,638
Changes in assets and liabilities	
Increase in accounts receivable	(24,570)
Decrease in prepaid expenses	8,213
Decrease in accounts payable	(10,539)
Increase in accrued wages payable	8,062
Increase in intergovernmental payable	21,092
Increase in compensated absences payable	2,037
	<u>2,037</u>
Total Adjustments	<u>29,933</u>
Net Cash Used for Operating Activities	<u>(\$127,131)</u>

See accompanying notes to the financial statements.

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**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY:

Richard Allen Academy Community School (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with the Institute of Charter School Management and Resources, Inc. (ICSMR) for a variety of services including management consulting, Ohio Department of Education consulting, Education Management Information System (EMIS) monitoring and consulting, technology and operational support, teacher training, supervision of certified and non-certified personnel and assistance in grant applications. In addition, during the current fiscal year, all employees of the School became ICSMR employee's and were subsequently contracted to the School. The School is responsible for reimbursing ICSMR for the payroll and benefits of the employees assigned to the School. (See note 12 for additional detail on the contractual relationship between ICSMR and the School).

The School was approved for operation under contract with the Ohio State Board of Education (Sponsor) for a period of five years commencing with fiscal year July 1, 1999 through June 30, 2004 after which, the School must apply for an additional contract with the Sponsor. The School operates under a self-appointing seven-member Board of Trustees (the Board). The School's Code of Regulations specifies that vacancies that arise on the Board be filled by the appointment of a successor trustee by a majority vote of the then existing trustees. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes but is not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility staffed by one principal, eighteen full-time and part-time certified teaching personnel and two non-certified support personnel who provide services to an enrollment of 232 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of presentation

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

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

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 Rev. Code Section 5705, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on an annual basis.

D. Cash

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash.

E. Estimates

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

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The School maintains a capitalization threshold of \$500. The School 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 the asset's life are expensed.

Depreciation is computed using the straight-line method over estimated useful lives of five years for leasehold improvements and vehicles, and five to seven years for equipment. Improvements to capital assets are depreciated over the remaining useful lives of the related c assets.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Revenues

The School participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program. These programs are recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met. Amounts awarded under the above named programs for the 2004 school year totaled \$1,529,355.

H. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly the School's primary mission. For the School, operating revenues include foundation payments and disadvantaged pupil impact aid received from the State of Ohio. Operating expenses are necessary costs incurred to support the School's primary mission, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various state and federal grants and interest expense comprise the non-operating revenues and expenses of the School.

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net assets relating to expenses, which are due but unpaid as of June 30, 2004, including:

Accrued Contract Labor – salary reimbursements made to ICSMR made after year-end were for services employees rendered in fiscal year 2004. Teaching personnel are paid in 24 equal installments, ending with the last pay period in July, for services rendered during the previous school year. Therefore, a liability has been recognized at June 30, 2004 for all salary payments made to teaching personnel during the month of July 2004.

Intergovernmental payable – payment for the employer's share of the retirement contribution (\$1,186), workers' compensation (\$581) and Medicaid (\$1,288) associated with services rendered during fiscal year 2004, but were not paid until the subsequent fiscal year. In addition, a (\$19,488) adjustment will be made on fiscal year 2005 foundation payments for overpayments made during fiscal year 2004.

J. Federal Tax Exemption Status

The School is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax exempt status.

K. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2004, the School has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", and GASB Statement No. 38, "Certain Financial Statement Note Disclosures".

GASB 34 creates new basic financial statements for reporting on the School financial activities and requires the inclusion of the Management Discussion and Analysis section which provides a narrative introduction and overview of the financial statements to enhance the user's ability to interpret the information within the statements.

4. DEPOSITS AND INVESTMENTS

The following information classifies deposits by category of risk as defined in GASB Statement No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

Deposits: At June 30, 2004, the carrying amount of the School's deposits was \$58,622 and the bank balance was \$68,177, the entire balance of which was covered by federal depository insurance.

5. RECEIVABLES

A. Intergovernmental

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs, and the fiscal year guarantee of federal funds. Intergovernmental receivables of the School at June 30, 2004 consisted of the following federal grants in which all grant requirements had been satisfied, Title I (\$9,964), Title II (\$11,087), Title IID (\$2,461), Drug Free Schools Grant (\$1,938), and Title V (\$1,043).

B. Accounts

Accounts receivables represent monies due from other Richard Allen schools for their portion of the employer's contribution to the School Employees Retirement System of Ohio (SERS) which is deducted from the School's State foundation settlement on a monthly basis. No allowance for doubtful accounts has been recorded as all amounts are considered collectible. All receivable amounts are anticipated to be collected with one year.

6. CAPITAL LEASES PAYABLE

The School entered into a lease for copier equipment in a prior fiscal year. The terms of the agreement provides an option to purchase the copier. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one, which transfers benefits and risks of ownership to the lessee. Capital assets acquired by lease have been capitalized in an amount equal to the present value of the future minimum lease payments of \$22,500. At the time of acquisition, a corresponding liability was recorded. Principal payments in fiscal year 2004 associated with the lease totaled \$4,297.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

6. CAPITAL LEASES PAYABLE (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2004.

	Fiscal Year	Lease Payment
	2005	\$ 5,134
	2006	5,134
	2007	5,135
	2008	1,283
Total Minimum Lease Payments		16,686
Less: Amount Representing Interest		(1,241)
Present Value of Minimum Lease Payments		\$15,445

7. CAPITAL ASSETS

A summary of the School's capital assets at June 30, 2004, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Leasehold improvements	\$28,087	\$ 6,778	-	\$34,865
Equipment	83,400	2,399	-	85,799
Vehicles	11,000	-	-	11,000
	122,487	9,177	-	131,664
Less: accumulated depreciation on:				
Leasehold improvements	(16,682)	(6,116)	-	(22,798)
Equipment	(15,108)	(17,322)	-	(32,430)
Vehicles	(3,717)	(2,200)	-	(5,917)
	(35,507)	(25,638)	-	(61,145)
Capital assets, net	\$86,980	(\$16,461)	-	\$70,519

8. NOTE PAYABLE

The following is a summary of the note activity for the School at June 30, 2004:

	Balance 7/1/03	Increase	Decrease	Balance 6/30/04
Demand Promissory Note	\$ -	\$ 10,000	\$ -	\$ 10,000

The demand promissory note was issued by the Institute of Charter School Management and Resources, Inc. (ICSMR) to provide the School with funding to address cash flow issues arising during the fiscal year. No interest will accrue on the note if it is paid in full by June 30, 2005. A portion of the note, or the entire note, may be called at any time, upon written notice to the School, however not prior to June 30, 2005.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

9. RISK MANAGEMENT

Property and liability – The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2004, the School contracted with the Cincinnati Insurance Company for business personal property, director and officer liability and general liability insurance. Business personal property coverage carries a \$250 deductible and has a \$50,000 limit. Director and officer liability coverage is set at \$1,000,000 per loss with a \$1,000 deductible. General liability coverage provides \$1,000,000 per occurrence and \$2,000,000 in the aggregate with no deductible. The Cincinnati Insurance Company also provides umbrella liability coverage of \$1,000,000 per occurrence, as well as, in the aggregate. Business auto coverage is provided by the National Liability & Fire Insurance Company.

There has been no significant reduction in coverage in relation to the prior fiscal year. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

Employee insurance benefits – As part of the management agreement with the Institute of Charter School Management and Resources, Inc. (see note 12), insurance benefits are paid by the Institute through the monthly management fee established in the agreement.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate, the current rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; at June 30, 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal year ended June 30, 2004, 2003 and 2002 were \$7,188, \$3,065 and \$2,292, respectively; 100 percent has been contributed for each of the fiscal years.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2004, plan members were required to contribute the statutory maximum of 10.0 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations for the fiscal year ended June 30, 2004, 2003 and 2002 were \$93,310, \$83,212 and \$51,447, respectively; 100 percent has been contributed for each of the fiscal years.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

11. POST-EMPLOYMENT BENEFITS

State Teachers Retirement System of Ohio (STRS Ohio) provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B Coverage. Pursuant to the Ohio Revised Code (R.C.), the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. The R.C. grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For fiscal year ended June 30, 2004, the Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.1 billion on June 30, 2004. For the School, this amount equaled \$7,178 during the 2004 fiscal year.

For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

For SERS, the Ohio Revised Code gives the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing healthcare benefits. For the fiscal year ended June 30, 2004, the allocation rate is 4.91 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay has been established at \$24,500. For the School, the amount to fund health care benefits, including the surcharge, was \$5,129 for fiscal year 2004.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, the Retirement System's net assets available for payment of health care benefits of \$300.8 million. The number of benefit recipients currently receiving health care benefits is approximately 62,000.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

12. AGREEMENT WITH INSTITUTE OF CHARTER SCHOOL MANAGEMENT AND RESOURCES, INC.

The School is a party to a management agreement with the Institute of Charter School Management and Resources, Inc. (ICSMR), which is an education consulting and management company.

The Management Agreement's term coincides with the school's charter agreement and provides that ICSMR will perform functions reasonably required to manage the operation of the School; ensure students receive services which are in accordance with applicable educational standards; make every effort to ensure the School complies with the requirements of any applicable statute, ordinance, law, rule, regulation or order of any governmental or regulatory body having jurisdiction; acquire all necessary licenses and permits; maintain all student and financial records required by federal, state and local laws and regulations, as well as, protecting the confidentiality of those records; act as the School's agent in making deposits and disbursements promptly; provide for all expenses of operating the School, including lease payments for the school building, equipment and operating supplies needed in the operation of the School, from its management fee. Beginning in August 2003, ICSMR became responsible for hiring qualified teachers and all other employees which are subsequently contracted to operate the School. The School reimburses ICSMR every two weeks for the gross payroll expense of the contract employees working at the School, for fiscal year 2004 employee payroll reimbursement totaled \$783,092.

ICSMR receives a monthly management fee of 10% of the total operating revenues of the School from all sources excluding extraordinary items. ICSMR charges the School for any expenses it incurs on behalf of the School in order to provide District wide services. These expenses may include but are not limited to District wide management services provided by ICSMR employees in the area of instruction, transportation, financial, and general business management and development, as well as, district wide purchase of textbooks and supplies. During fiscal year 2004, the School paid ICSMR a total of \$341,428 for professional, accounting and legal, management and other services. In addition, during fiscal year 2004 ICSMR forgave \$19,612 of management company fees due from the School.

13. RESTRICTED NET ASSETS

At June 30, 2004 the School reported restricted net assets totaling \$23,845. The nature of the net asset restrictions are as follows:

State specific educational program grants	\$ 8,812
Federal specific educational program grants	<u>15,033</u>
Total	<u>\$23,845</u>

14. CONTINGENCIES

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

14. CONTINGENCIES (Continued)

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The School has been notified of a (\$19,488) adjustment which will be made during fiscal year 2005, as a result of such review.

C. Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (i.e., Charter) Schools program violates the state Constitution and state laws. On April 21, 2003, the Court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed and the case was heard on November 18, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the State public education system and this matter was sent to the Ohio Supreme Court. The effect of this suit, if any, on the School is not presently determinable.

15. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school funding scheme that is thorough and efficient ...". The School is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

16. OPERATING LEASES

The School leases its facilities from J & A Educational Properties under a five-year lease agreement beginning August 25, 1999 through August 24, 2005. Rent for fiscal year 2004 totaled \$63,600. The terms of the lease are not expected to change significantly during fiscal year 2005. The lease shall automatically renew for an additional five years unless either party gives written notice of termination no later than sixty days prior to the end of the lease.

17. RELATED PARTIES

The Board, Chief Executive Officer, and Chief Fiscal Officer of Richard Allen Academy Community School serve in the same capacity for Richard Allen Preparatory, Richard Allen Academy II, and Richard Allen Academy III Community Schools. The Chief Executive Officer and Chief Fiscal Officer are also employees of the Institute of Charter School Management and Resources, the management company for the same.

During fiscal year 2004, ICSMR provided operating funds to the School through a \$10,000 demand note; of which the entire amount is shown as a note payable on the School's statement of net assets. In addition, ICSMR forgave \$19,612 of management company fees due from the School.

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2004
(Continued)**

18. LONG-TERM OBLIGATIONS

A schedule of changes in compensated absences and capital leases payable during 2004 follows:

	<u>Balance At 7/1/03</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 6/30/04</u>	<u>Amount Due Within One Year</u>
Compensated Absences	\$6,071	\$2,037	\$0	\$8,108	\$0
Capital Leases Payable	19,742	0	4,297	15,445	5,134
Total	<u>\$25,813</u>	<u>\$2,037</u>	<u>\$4,297</u>	<u>\$23,553</u>	<u>\$5,134</u>

Compensated absences represents the liability accrued for vacation and sick leave benefits earned by the School's staff. See Note 6 for additional information on the lease payable.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Richard Allen Academy Community School
Montgomery County
368 S. Patterson Blvd.
Dayton, Ohio 45402

To the Members of the Board:

We have audited the financial statements of Richard Allen Academy Community School, Montgomery County, (the School), as of and for the year ended June 30, 2004, wherein we noted the School adopted Government Accounting Standards Board Statement No. 34, *Basic Financial Statements and management's Discussion and Analysis for State and Local Governments*, and have issued our report thereon dated December 7, 2004. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2004-002.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School in a separate letter dated December 7, 2004.

This report is intended solely for the information and use of the audit committee, management, and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 7, 2004

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2004-001

Finding For Recovery Repaid Under Audit

Our audit of Richard Allen Academy Community School for the year ending June 30, 2004, indicated an expenditure in 2004 made by the Kimberly Cockrell, Principal, and Derek Cluse, Treasurer, as noted below.

<u>Item</u>	<u>Value</u>
Meal Reimbursement	\$135.00
Transportation Reimbursement	100.00
Total purchases	<u><u>\$235.00</u></u>

Richard Allen Academy Community School policy entitled "Employee Expense Reporting and Reimbursement" states in the procedure for reimbursement section, "attach copies of all receipts for which reimbursement is claimed to the expense report form." Receipts were not maintained for food or transportation expenditures which were reimbursed on check #2516 dated February 9, 2004.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Kimberly Cockrell, Principal, and Derek Cluse, Treasurer of the Richard Allen Academy Community School, jointly and severally in the amount of \$235.

The above Finding for Recovery was repaid while under audit to Richard Allen Academy by Kimberly Cockrell on October 19, 2004.

FINDING NUMBER 2004-002

Contract between Management Company and Richard Allen Academy Community School

Richard Allen Academy and the Institute of Charter School Management and Resources (ICSMR) have entered into a contract with ICSMR to provide educational services and support; however, that contract is not specific as to the billing rates and the allocation of certain costs. At a minimum, the contract should be expanded to include the establishment of a specific billable rate, a policy for handling of compensated absences, a policy for the management company's billing for management services and fees and the period covered.

- There is no approved billable rate in the contract. However, ICSMR has established a billable rate per classification (i.e. Treasurer, Superintendent, Chief Executive, Human Resources, etc.) It was noted that the rate was increased at July 1, 2004, without approval of the Board. The failure to establish a Board approved rate could allow the management company to change the rate for administrative services at will.

**FINDING NUMBER 2004-002
(Continued)**

- There is no policy covering compensated absences or addressing the payout of compensated absences upon retirement. The School itself does not have employees, as they are contracted through ICSMR, however the payout of compensated absences of these employees is to be paid by the School. There is no policy to govern how the payout would be handled for an employee who has worked at several of the management company's schools over the years.
- There is no formal policy as to how ICSMR invoices the schools for management services and contract labor benefits. The school was billed in different ways throughout the audit period by ICSMR. ICSMR manages 4 schools and there were several months where ICSMR billed three of the schools at 30 percent and one at 10 percent. Other months, three schools were billed for the management services based upon student population at each school and the fourth school was charged nothing.
- ICSMR bills the school monthly for management fees, contract labor benefits, and a management fees. The invoices for these services do not stipulate whether the billing is being done in advance or as the services are performed.

The establishment of formal procedures for the billing process would allow the school to monitor the billings and determine that they are correct and complete and consistent with the agreed upon terms of the contract. The School should review their current contract with the management company and expand it to be specific as to the billings from the management company for goods and services performed.

RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	The Board did not approve an annual budget.	Yes	



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**RICHARD ALLEN ACADEMY COMMUNITY SCHOOL
MONTGOMERY COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 22, 2005**