

**THE UPPER ARLINGTON WICKLIFFE  
PROGRESSIVE COMMUNITY SCHOOL**

*(A COMPONENT UNIT OF THE  
UPPER ARLINGTON CITY SCHOOL DISTRICT)*

**FRANKLIN COUNTY**

**REGULAR AUDIT**

**JULY 1, 2007 – JUNE 30, 2008**





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Upper Arlington Wickliffe Progressive School  
950 North Mallway Drive  
Upper Arlington, Ohio 43221

We have reviewed the *Independent Auditors' Report* of the Upper Arlington Wickliffe Progressive School, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 7, 2008

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**THE UPPER ARLINGTON WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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## INDEPENDENT AUDITORS' REPORT

The Upper Arlington Wickliffe Progressive Community School  
Franklin County  
1950 North Mallway Drive  
Upper Arlington, Ohio 43221

To the Board:

We have audited the accompanying financial statements of the Upper Arlington Wickliffe Progressive Community School, Franklin County, Ohio (the WPC School), a component unit of the Upper Arlington City School District, as of and for the fiscal year ended June 30, 2008, which collectively comprise the WPC School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the WPC 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above are presented fairly, in all material respects, the financial position of the Upper Arlington Wickliffe Progressive Community School, Franklin County, Ohio as of June 30, 2008, and the respective changes in financial position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2008 on our consideration of the WPC School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

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FAX (740) 345-5635

The Upper Arlington Wickliffe Progressive Community School  
Franklin County  
Independent Auditors' Report

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

*Wilson, Shuman & Snow, Inc.*

October 3, 2008

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**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited*

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The discussion and analysis of the Wickliffe Progressive Community School (the "WPC School") financial performance provides an overall review of the WPC School financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the WPC School financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the WPC School's financial performance. 2008 was the second full year of operations with students.

**FINANCIAL HIGHLIGHTS**

- Net Assets increased \$294,761.
- Operating revenues accounted for \$2,574,919 in revenue or 84.1% of all revenues.
- Capital asset additions of \$137,874 consisted of technology equipment.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of two parts – management's discussion and analysis and the basic financial statements. These statements are organized so the reader can understand the financial position of the WPC School. 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 statement of net assets represents the basic statement of position for the WPC School. The statement of revenues, expenses and changes in net assets presents increases (e.g., revenue) and decreases (e.g., expenses) in net total assets. The statement of cash flows reflects how the WPC School finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**FINANCIAL ANALYSIS OF THE WPC SCHOOL AS A WHOLE**

The following tables represent the WPC School's condensed financial information for 2008 and 2007 derived from the statement of net assets and the statement of revenues, expenses, and changes in net assets.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited*

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	Net Assets	
	2008	2007
Current and other assets	\$ 279,611	\$ 35,892
Capital assets, net	119,495	-
Total assets	399,106	35,892
Current liabilities	71,905	3,452
Total liabilities	71,905	3,452
Net assets		
Invested in capital assets	119,495	-
Unrestricted	207,706	32,440
Total net assets	\$ 327,201	\$ 32,440

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2008 and 2007:

	Change in Net Assets	
	2008	2007
Operating Revenues:		
Foundation	\$ 2,560,286	\$ 2,647,535
Fees	13,484	17,175
Other	1,149	-
Total revenues	2,574,919	2,664,710
Expenses:		
Purchased Services	2,682,987	2,716,064
Supplies and Materials	66,903	57,730
Depreciation	18,379	-
Total expenses	2,768,269	2,773,794
Operating Loss	(193,350)	(109,084)
Non Operating Revenues		
Federal Grants	488,111	119,856
Change in Net Assets	294,761	10,772
Net Assets Beginning of Year	32,440	21,668
Net Assets End of Year	\$ 327,201	\$ 32,440

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited*

---

The WPC School operates as a business-type enterprise fund. Results of fiscal year 2008 indicate an increase in net assets of \$294,761 and ending net assets of \$327,201. The increase is the result of receiving additional grant funds prior to plan expenditures. The State Foundation revenues are funds paid to the WPC School from the State of Ohio based on enrollment in the WPC School of 435 full time equivalents in 2008 and 2007. The dependence upon State Foundation revenues is apparent as it represents 99.4% of the operating revenue of the WPC School.

#### BUDGET

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the WPC School contract with its Sponsor. The contract between the WPC School and its Sponsor does not prescribe a budgetary process for the WPC School. The WPC School has developed a five-year projection that is reviewed periodically by the Board of Directors.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

At the end of fiscal 2008 The WPC School had \$119,495, net of accumulated depreciation, invested in equipment. See note 5 to the basic financial statements for detailed information.

##### Debt

The WPC School has not issued any debt.

#### ECONOMIC FACTORS

Management is currently unaware of any facts, decisions or conditions that have occurred that are expected to have a significant effect on financial position or results of operations.

#### OPERATIONS

The Wickliffe Progressive Community School (the "WPC School") is a legally separate not-for-profit served by an appointed five-member board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. The WPC School offers students an academically integrated, student-centered, hands-on approach to learning with an emphasis on educating both the heart and mind. Its intent is to provide students with an understanding of the important role of community, on both a large and small scale, encouraging them to be active participants in both student action and integrated leaning projects. The educational program teaches students to think critically, to be reflective, to draw connections between subject areas, to use problem-solving approaches to extend their thinking, and to express themselves confidently through academic discourse as well as through creative expression. The goal is to produce a student who feels he or she is an integral part of a caring school community and who is an independent, self-motivated and self disciplined lifelong learner.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2008  
Unaudited*

---

The WPC School is intended to serve kindergarten through fifth grade level students who reside within the Upper Arlington City School District and who are interested in pursuing an alternative schooling option.

The WPC School is a discretely presented component unit of the Upper Arlington City School District (Sponsor). The WPC School was approved for operation under a five year contract, starting July 1, 2005, with the Sponsor.

At June 30, 2007 The WPC School operated under the direction of a five member Board of Directors made up of:

1. Two persons employed and serving in administrator positions with the Sponsor, which positions shall be designated by the Sponsor.
2. One person desiring to further the objectives of the Sponsor in the establishment and operation of the WPC School and who is a public official. Such person shall neither be officers nor employees of the Sponsor but shall be elected by the Sponsor.
3. Two persons who are parents of a student who is expected to attend or attending the WPC School.

As of June 30, 2007, four Board of Director positions were open due to Ohio House Bill (HB) 79 which restricted employees of the Sponsor entity from serving as a Director on the Board.

On September 17, 2007, the Sponsor approved a resolution and revisions to the Contract which changed the make-up of the Board of Directors to the following:

1. Three elected or appointed public officials or public employees, or other community leaders who have demonstrated a professional interest in education or in other issues involving children, and who desire to further the objectives of the WPC School.
2. Two parents of students who attend the WPC School or community civic leaders.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the WPC School finances and to show its accountability for the money it receives. If you have questions about this report or need additional information, contact Andrew L. Geistfeld, Treasurer of Upper Arlington Community High School.

THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 160,387
Receivables	748
Due from other governments	118,476
Total Current Assets	<u>279,611</u>

Non-Current Assets:

Depreciable capital assets, net of accumulated depreciation	<u>119,495</u>
TOTAL ASSETS	<u>399,106</u>

LIABILITIES:

Current Liabilities:

Accounts payable	<u>71,905</u>
TOTAL LIABILITIES	<u>71,905</u>

NET ASSETS:

Invested in capital assets	119,495
Unrestricted	<u>207,706</u>
TOTAL NET ASSETS	<u>\$ 327,201</u>

The notes to the basic financial statements are an integral part of this statement.

THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating Revenues:	
Foundation	\$ 2,560,286
Fees	13,484
Other	1,149
Total operating revenues	2,574,919
Operating Expenses:	
Purchased services	2,682,987
Supplies and materials	66,903
Depreciation	18,379
Total operating expenses	2,768,269
Operating loss	(193,350)
Nonoperating revenues:	
Federal grants	488,111
Change in net assets	294,761
Net assets at beginning of year	32,440
Net assets end of the year	\$ 327,201

The notes to the basic financial statements are an integral part of this statement.

THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:	
Cash received for foundation payments	\$ 2,560,286
Cash received for fees	14,633
Cash payments supplies and material	(50,927)
Cash payments for purchased services	(2,682,380)
Net cash used for operating activities	<u>(158,388)</u>
Cash flows from noncapital financing activities	
Federal grant monies received	<u>369,635</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(86,752)</u>
Net increase in cash and cash equivalents	124,495
Cash and cash equivalents at beginning of year	35,892
Cash and cash equivalents at end of year	<u>\$ 160,387</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (193,350)
Adjustment to reconcile operating loss to net cash used for operations:	
Depreciation	18,379
Changes in assets and liabilities:	
Increase in receivable	(748)
Increase in operating accounts payable	17,331
Net cash used in operating activities	<u>\$ (158,388)</u>

The notes to the basic financial statements are an integral part of this statement.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

The Wickliffe Progressive Community School (the WPC School) is a legally separate not-for-profit served by an appointed five-member Board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. The WPC School offers students an academically integrated, student-centered, hands-on approach to learning with an emphasis on educating both the heart and mind. Its intent is to provide students with an understanding of the important role of community, on both a large and small scale, encouraging them to be active participants in both student action and integrated learning projects. The educational program teaches students to think critically, to be reflective, to draw connections between subject areas, to use problem-solving approaches to extend their thinking, and to express themselves confidently through academic discourse as well as through creative expression. The goal is to produce a student who feels he or she is an integral part of a caring school community and who is an independent, self-motivated and self-disciplined lifelong learner.

The WPC School is intended to serve kindergarten through fifth grade level students who reside within the Upper Arlington City School District and who are interested in pursuing an alternative schooling option.

The WPC School is a discretely presented component unit of the Upper Arlington City School District (Sponsor). The WPC School was approved for operation under a five year contract, starting July 1, 2005, with the Sponsor.

At June 30, 2007 The WPC School operated under the direction of a five member Board of Directors made up of:

1. Two persons employed and serving in administrator positions with the Sponsor, which positions shall be designated by the Sponsor.
2. One person desiring to further the objectives of the Sponsor in the establishment and operation of the WPC School and who is a public official. Such person shall neither be officers nor employees of the Sponsor but shall be elected by the Sponsor.
3. Two persons who are parents of a student who is expected to attend or attending the WPC School.

As of June 30, 2007, four Board of Director positions were open due to Ohio House Bill (HB) 79 which restricted employees of the Sponsor entity from serving as a Director on the Board.

On September 17, 2007, the Sponsor approved a resolution and revisions to the Contract which changed the make-up of the Board of Directors to the following:

1. Three elected or appointed public officials or public employees, or other community leaders who have demonstrated a professional interest in education or in other issues involving children, and who desire to further the objectives of WPC School.
2. Two parents of students who attend WPC School or community civic leaders.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the WPC School have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The WPC 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 WPC School does not apply FASB Statements and Interpretations issued after November 30, 1989. Following are the more significant of the WPC School's accounting policies.

(A) *Basis of Presentation*

The WPC School's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

(B) *Measurement focus*

Enterprise accounting uses a flow economic *resources measurement focus*. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net assets. The difference between total assets and total liabilities is defined as net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The statement of cash flows provides information about how the WPC School finances and meets the cash flow needs of its enterprise activities.

(C) *Basis of Accounting*

Basis of accounting determines when transaction is recorded in the financial records and reported on the financial statements. The statements are prepared using the full accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the WPC School receives value without directly giving equal value in return, include grants, entitlements, and fees. Revenue from grants, entitlements, and fees is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the WPC School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the WPC School on a reimbursement basis. Expenses are recognized at the time they are incurred.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(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 the Ohio Revised Code Chapter 5705, unless specifically provided in the WPC Schools contract with the Sponsor. The WPC School's contract with its Sponsor does not prescribe a budgetary process.

*(E) Cash and Cash Equivalents*

Cash held by the WPC School is reflected as "Cash and Cash and Equivalents" on the statement of net assets. All monies received by the WPC School are maintained in a demand deposit account. For internal accounting purposes, the WPC School segregates its cash. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months are reported as investments. During fiscal 2008, the WPC School had no investments.

*(F) Capital Assets and Depreciation*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at their fair market values as of the date received. The WPC School follows the policy of not capitalizing assets with a cost of less than \$2,500.

All reported capital assets, with the exception of land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line half-year convention method over the following useful lives:

Furniture and Equipment	5 years
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*(G) Net Assets*

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the WPC School or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The WPC School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The WPC School did not have any restricted net assets at fiscal year end.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(H) Estimates*

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

*(I) Operating Revenues and Expenses*

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

**3. CASH DEPOSITS**

At June 30, 2008, the carrying amount of all WPC School deposits was \$ 160,387 and the bank balance was \$ 160,631. Based on the criteria described in GASB Statement No. 40, "Deposit and Investments Risk Disclosure," as of June 30, 2007, \$60,631 of the bank balance was exposed to custodial risk as discussed below, while \$100,000 of the bank balance was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the WPC School will not be able to recover deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the WPC School.

**4. RECEIVABLES**

The amount due from other governments at June 30, 2008, consist of \$118,476 due from the Federal government for the fiscal year 2008 Federal Wickliffe School Grant.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**5. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2008, follows:

	Balance July 1, <u>2007</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2008</u>
Equipment	\$-	\$137,874	\$-	\$137,874
Accumulated Depreciation	-	(18,379)	-	(18,379)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$-</u>	<u>\$119,495</u>	<u>\$-</u>	<u>\$119,495</u>

**6. RELATED PARTY TRANSACTIONS**

The WPC School is a discretely presented component unit of the Upper Arlington City School District. As described in Note 1, the Upper Arlington City School District (Sponsor) is the WPC School Sponsor. The Sponsor and WPC School entered into a five-year sponsorship agreement starting July 1, 2005 whereby terms of the sponsorship were established.

In fiscal year 2008, payments made by the WPC School to the Sponsor totaled \$2,418,000, which is reported in purchased services. This represents contract service payment for teaching, use of office space and equipment, and other related services provided by the Sponsor.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2008**

**7. CONTINGENCIES**

**A. Grants**

The WPC School receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the WPC School at June 30, 2008.

**B. Litigation**

A suit was filed in Franklin County Common Pleas Court on May 14, 2001 alleging Ohio's community (i.e., Charter) school's 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 educational system and this matter was sent to the Ohio Supreme Court. The Ohio Supreme Court accepted the appeal from the Court of Appeals for review on February 16, 2005. Oral argument occurred November 29, 2005. On October 25, 2006 the Ohio Supreme Court held that the State law authorizing the establishment and operations of community schools is constitutional both on its face and as applied.

**C. Full Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The review for 2006-07 school year occurred and all documentation was found to be in order. The WPC School does not anticipate any material adjustments to state funding for fiscal year 2008.

**8. RISK MANAGEMENT**

The WPC School is exposed to various risks of loss related to torts, theft or damage, destruction of assets, errors and omissions, injuries to employees, and natural disasters. The WPC School maintains insurance coverage consistent with the Upper Arlington City School District, the WPC School Sponsor.



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

Board of Directors  
The Upper Arlington Wickliffe Progressive Community School  
Franklin County  
1950 North Mallway Drive  
Upper Arlington, Ohio 43221

We have audited the financial statements of the of the Upper Arlington Wickliffe Progressive Community School, Franklin County, Ohio (the WPC School), a component unit of the Upper Arlington City School District, as of and for the fiscal year ended June 30, 2008, and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the WPC School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not to opine on the effectiveness of the WPC School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the WPC School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the WPC School's ability to initiate, authorize, record, process, or report financial data reliably in accordance its applicable accounting basis such that there is more than a remote likelihood that the WPC School's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the WPC School's internal control will not prevent or detect a material financial statement amount.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
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The Upper Arlington Wickliffe Progressive Community School  
Franklin County  
Report on Internal Control over Financial  
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Page 2

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

**Compliance and Other Matters**

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

We intend this report solely for the information and use of the management, Board of Directors, the Auditor of State, and other members of the WPC School, and is not intended to be and should not be used by anyone other than these specified parties.

*Wilson, Shuman & Sauer, Inc.*

Newark, Ohio  
October 3, 2008





**Mary Taylor, CPA**  
Auditor of State

**UPPER ARLINGTON WICKLIFFE PROGRESSIVE HIGH SCHOOL**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 25, 2008**