

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**

**RICHLAND COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2011**





# Dave Yost • Auditor of State

Board of Trustees  
Constellation Schools: Mansfield Community Middle  
455 Park Avenue West  
Mansfield, Ohio 44906

We have reviewed the *Independent Auditor's Report* of the Constellation Schools: Mansfield Community Middle, Richland County, prepared by Rea & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Constellation Schools: Mansfield Community Middle is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 13, 2011



**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE  
RICHLAND COUNTY**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 21, 2011

The Board of Trustees  
Constellation Schools: Mansfield Community Middle  
455 Park Avenue West  
Mansfield, Ohio 44906

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the Constellation Schools: Mansfield Community Middle (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express 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 Constellation Schools: Mansfield Community Middle, as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

*Rea & Associates, Inc.*



## **CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**

### **Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011**

The discussion and analysis of Constellation Schools: Mansfield Community Middle (MCM) financial performance provides an overall review of financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the financial performance of MCM as a whole. Readers should also review the Notes to the Financial Statements and the Financial Statements to enhance their understanding of the financial performance of MCM.

#### **Financial Highlights**

Key financial highlights for 2011 include the following:

- In total, net assets decreased \$11,144, which represents a 1.8% decrease from 2010. Decreases in all cash, current liabilities and in vendor payables. Increased enrollment was offset by increased operating costs to handle the enrollment increase.
- Total assets decreased \$134,503, which represents a 17.8% decrease from 2010. This decrease is due to using cash to liquidate vendor payable and a reduction in federal grants receivable. Increases occurred in security deposits and capital assets decreased.
- Liabilities decreased \$123,359, which represents a 96.9% decrease from 2010. Vendor payables totaling \$123,255 were liquidated during the year. Most of these payables were for purchase made with public charter school program grant funds. Accrued benefits decreased \$189 and deferred revenue increased \$85.
- Operating revenues increased \$260,788, which represents a 68.2% increase from 2010. The majority of the revenue increase is from the State Foundation and Poverty Based Assistance program because of increased enrollment. Additional funding came from materials fees and food services.
- Operating expenses increased \$346,118, which represents a 56.6% increase from 2010. Increases occurred in most expenses categories and are due to the enrollment increases of the school in 2011.
- Non-operating revenues decreased \$489,109, which represents a 61.8% decrease from 2010. This includes decreased federal grants, and the contribution of the building the school occupies in fiscal year 2010.

#### **Using this Financial Report**

This report consists of three parts, Management's Discussion and Analysis, the Financial Statements and the Notes to the Financial Statements. The Financial Statements include a Statement of Net Assets; a Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows.

## CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011

### Statement of Net Assets

The Statement of Net Assets looks at how well MCM has performed financially through June 30, 2011. This statement includes all of the assets, liabilities and net assets using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This basis of accounting takes into account all revenues earned and expenses incurred during the year, regardless as to when the cash is received or expended.

The following schedule provides a summary Statement of Net Assets for fiscal years ended June 30, 2011 and 2010 for MCM.

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
<b>Assets</b>				
Cash	\$43,847	\$161,015	(\$117,168)	-72.8%
Other Current Assets	12,808	47,200	(34,392)	-72.9%
Non-Current Assets	25,000	0	25,000	100.0%
Capital Assets	<u>539,427</u>	<u>547,370</u>	<u>(7,943)</u>	<u>-1.5%</u>
Total Assets	<u>621,082</u>	<u>755,585</u>	<u>(134,503)</u>	<u>-17.8%</u>
<b>Liabilities</b>				
Current Liabilities	<u>3,896</u>	<u>127,255</u>	<u>(123,359)</u>	<u>-96.9%</u>
Total Liabilities	<u>3,896</u>	<u>127,255</u>	<u>(123,359)</u>	<u>-96.9%</u>
<b>Net Assets</b>				
Investment in capital assets	539,427	359,380	180,047	50.1%
Unrestricted	<u>77,759</u>	<u>268,950</u>	<u>(191,191)</u>	<u>-71.1%</u>
Total Net Assets	<u>\$617,186</u>	<u>\$628,330</u>	<u>(\$11,144)</u>	<u>-1.8%</u>

Net Assets decreased \$11,144, due to using cash to liquidate vendor payables and decreased federal grants receivable. Increased enrollment was accompanied by a corresponding increase in operating expenses. For assets, cash decreased \$117,168; due from other governments decreased \$34,391; security deposits increased \$25,000, and net capital assets decreased \$7,943 during the year. For liabilities, accounts payable decreased \$123,255; accrued benefits decreased \$189 and deferred revenues increased \$85 during the year.

### Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets reports operating and non-operating activities for the fiscal year ended June 30, 2011.

## CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011

The following schedule provides a summary of the Statement of Revenues, Expenses and Changes in Net Assets for MCM for fiscal years ended June 30, 2011 and 2010.

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
<b>Revenues</b>				
Foundation and Poverty Based Assistance Revenues	\$575,872	\$378,128	\$197,744	52.3%
Other Operating Revenues	67,420	4,376	63,044	1440.7%
Total Operating Revenues	<u>643,292</u>	<u>382,504</u>	<u>260,788</u>	<u>68.2%</u>
Federal and State Grants	275,322	320,901	(45,579)	-14.2%
Private Grants and Contributions	27,500	471,030	(443,530)	-94.2%
Total Non-Operating Revenues	<u>302,822</u>	<u>791,931</u>	<u>(489,109)</u>	<u>-61.8%</u>
Total Revenues	<u>946,114</u>	<u>1,174,435</u>	<u>(228,321)</u>	<u>-19.4%</u>
<b>Expenses</b>				
Salaries	315,222	149,006	166,216	111.5%
Fringe Benefits	96,002	46,422	49,580	106.8%
Purchased Services	390,141	253,682	136,459	53.8%
Materials and Supplies	43,191	107,826	(64,635)	-59.9%
Capital Outlay	32,037	18,017	14,020	77.8%
Depreciation and Amortization	50,804	20,250	30,554	150.9%
Other Expenses	29,861	15,937	13,924	87.4%
Total Expenses	<u>957,258</u>	<u>611,140</u>	<u>346,118</u>	<u>56.6%</u>
Net Income/(Loss)	<u>(11,144)</u>	<u>563,295</u>	<u>(574,439)</u>	<u>-102.0%</u>
Net Assets at Beginning of the Year	<u>628,330</u>	<u>65,035</u>	<u>563,295</u>	<u>100.0%</u>
Net Assets at End of Year	<u><u>\$617,186</u></u>	<u><u>\$628,330</u></u>	<u><u>(\$11,144)</u></u>	<u><u>-1.8%</u></u>

Net Assets decreased in fiscal year ending June 30, 2011 and increased in fiscal year ended June 30, 2010. This is due to acquisition of capital assets in fiscal year 2010 and, increases in staffing, student services, supplies and facility costs to accommodate the enrollment growth in the school in both years. Although certain expenditures such as salaries will increase or decrease as the number of classes increase and decrease other costs remain fixed such as facilities costs resulting in more efficient operations. Additionally, grants have been received for capital improvements to our building and to purchase various educational programs and equipment.

## CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

The most significant changes in revenue from 2010 to 2011 are increases of \$197,744 in State Foundation funding due to increased enrollment and \$48,281 in decreased federal grants to the school through the state of Ohio as well as a one-time contribution valued at \$421,030 for the donation of the building the school occupies. Other revenues changes were minimal.

In total expenses increased \$346,118 from 2010 to 2011 because of increased enrollment from 2010. Salaries and Fringe Benefits increased \$215,796 due to personnel additions and annual increases. Purchased services increased \$136,459 due to additional pupil support services, administrative services and occupancy costs. Materials and Supplies decreased \$64,635 due to prior year's purchases of text books and classroom supplies to accommodate the growth of the school with federal grant funds. Capital Outlay increased \$14,020, due to purchases of furniture and equipment for classroom expansion. Depreciation increased \$30,554 because new technology was placed into service during 2011 and the building the school occupies recorded a full year of depreciation. Other Operating Expenses increased \$13,923 due to increases in audit fees, insurances and the payment of real estate taxes on the property.

#### Capital Assets

As of June 30, 2011, MCM had \$539,427 invested in land, building, building improvements, computers, technology, furniture and equipment, net of depreciation. This is a \$7,943 decrease from June 30, 2010.

The following schedule provides a summary of Capital Assets as of June 30, 2011 and 2010 for MCM:

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
<b>Capital Assets (net of depreciation)</b>				
Land	\$187,990	\$187,990	\$0	100.0%
Building	224,544	230,370	(5,826)	-2.5%
Building Improvements	6,003	1,101	4,902	445.2%
Computers and Technology	76,956	112,040	(35,084)	-31.3%
Furniture and Equipment	<u>43,934</u>	<u>15,869</u>	<u>28,065</u>	<u>176.9%</u>
Net Capital Assets	<u>\$539,427</u>	<u>\$547,370</u>	<u>(\$7,943)</u>	<u>-1.5%</u>

For more information on capital assets see the Notes to the Financial Statements.

## **CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011

### **Current Financial Issues**

Constellation Schools: Mansfield Community Middle opened in August 2008 as Constellation Schools; Mansfield Visual & Performing Arts School. In its initial year of operations it had thirty-six students, three teaching staff members and expenses of \$509,545. The school opened with grades kindergarten through 3. For fiscal year 2010 the school contract was modified to change the school to be a middle school and to change the name to Constellation Schools: Mansfield Community Middle. In 2010 the school had a total of 56 students, six teaching staff members and expenses of \$611,140 and has grown to a total of 86 students, eight teaching staff members and expense of \$957,258.

During the past year as the nation has experienced a major economic downturn, the Board of Directors, school management and school staff have worked diligently to ensure that the school maintains the high level of educational services and financial integrity that we have always provided in all of our schools. Our goal is to provide a strong educational product for our students and families and to maintain the reputation we have developed during our previous years.

### **Contacting the School's Financial Management**

This financial report is designed to provide our constituents with a general overview of the finances for MCM and to show accountability for the monies it receives. If you have any questions about this report or need additional information please contact Treasurer/CFO Thomas F. Babb, CPA, by mail at Constellation Schools LLC, 5730 Broadview Road, Parma, Ohio 44134; by e-mail at [babb.thomas@constellationschools.com](mailto:babb.thomas@constellationschools.com); by calling 216.712.7600; or by faxing 216.712.7601.

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**Constellation Schools: Mansfield Community Middle  
Richland County  
Statement of Net Assets  
As of June 30, 2011**

**Assets:**

**Current Assets:**

Cash	\$43,847
Due from Other Governments	12,808
<i>Total Current Assets</i>	<u>56,655</u>

**Non-Current Assets:**

Security Deposit	25,000
Non-Depreciable Capital Assets	187,990
Capital Assets (Net of Accumulated Depreciation)	351,437
<i>Total Non-Current Assets</i>	<u>564,427</u>

<i>Total Assets</i>	<u>621,082</u>
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**Liabilities:**

**Current Liabilities:**

Accounts Payable	3,676
Deferred Revenue	220
	<u>3,896</u>

<i>Total Liabilities</i>	<u>3,896</u>
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**Net Assets:**

Investment in capital assets	539,427
Unrestricted	77,759
	<u>617,186</u>

<i>Total Net Assets</i>	<u><u>\$617,186</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

**Constellation Schools: Mansfield Community Middle  
Richland County  
Statement of Revenues, Expenses and  
Changes in Net Assets  
For the Fiscal Year Ended June 30, 2011**

**Operating Revenues:**

Foundation and Poverty Based Assistance Revenues	\$575,872
Other Operating Revenues	<u>67,420</u>
<i>Total Operating Revenues</i>	<u>643,292</u>

**Operating Expenses:**

Salaries	315,222
Fringe Benefits	96,002
Purchased Services	390,141
Materials and Supplies	43,191
Capital Outlay	32,037
Depreciation	50,804
Other Operating Expenses	<u>29,861</u>
<i>Total Operating Expenses</i>	<u>957,258</u>
Operating Loss	<u>(313,966)</u>

**Non-Operating Revenues:**

Federal and State Grants	275,322
Private Grants and Contributions	<u>27,500</u>
<i>Total Non-Operating Revenues</i>	<u>302,822</u>
Net Loss	<u>(11,144)</u>
Net Assets at Beginning of the Year	<u>628,330</u>
Net Assets at End of Year	<u><u>\$617,186</u></u>

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



**Constellation Schools: Mansfield Community Middle  
Richland County  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2011**

**Increase (Decrease) in Cash:**

**Cash Flows from Operating Activities:**

Cash Received from State of Ohio	\$575,872
Cash Payments to Suppliers for Goods and Services	(735,897)
Cash Payments to Employees for Services	(315,222)
Other Operating Revenues	<u>67,505</u>
Net Cash Used for Operating Activities	<u>(407,742)</u>

**Cash Flows from Noncapital Financing Activities:**

Private Grants and Contributions Received	27,500
Federal and State Grants Received	<u>305,935</u>
Net Cash Provided by Noncapital Financing Activities	<u>333,435</u>

**Cash Flows from Capital and Related Financing Activities:**

Payments for Capital Acquisitions	<u>(42,861)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(42,861)</u>
Net Decrease in Cash	(117,168)
Cash at Beginning of Year	<u>161,015</u>
Cash at End of Year	<u><u>\$43,847</u></u>

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

**Constellation Schools: Mansfield Community Middle  
Richland County  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2011  
(Continued)**

**Reconciliation of Operating Loss to Net  
Cash Used for Operating Activities:**

Operating Loss	(\$313,966)
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**Adjustments to Reconcile Operating Loss to  
Net Cash Used for Operating Activities:**

Depreciation	50,804
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Changes in Assets and Liabilities:

Decrease in Due from Other Governments	3,778
(Increase) in Security Deposits	(25,000)
(Decrease) in Accounts Payable	(123,254)
(Decrease) in Accrued Wages and Benefits	(189)
Increase in Deferred Revenue	85

Total Adjustments	(93,776)
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Net Cash Used for Operating Activities	(\$407,742)
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**Schedule of Non-Cash Transactions:**

During fiscal year 2011 the management company reduced management fees in the amount of \$62,500. See note XI for further explanation

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

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
**- A Community School -**  
**Richland County**

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

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**I. Description of the School and Reporting Entity**

**Constellation Schools: Mansfield Community Middle (MCM)**, is a nonprofit corporation established on January 10, 2008 as Constellation Schools: Mansfield Visual & Performing Arts School (MVPA) pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service that qualifies as an exempt organization under §501(c)(3) of the Internal Revenue Code. On November 5, 2009, MCM (as MVPA) was issued a determination letter of tax-exempt status with the Internal Revenue Service 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 tax-exempt status of MCM. MCM, which is part of Ohio's education program, is independent of any school district. MCM may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of MCM.

MCM (as MVPA) was approved for operation under a contract dated February 29, 2008 between the Governing Authority of MCM (as MVPA) and Buckeye Community Hope Foundation (BCHF) (the Sponsor). Approval to operate MCM (as MVPA) and to open a school in the fall of 2009 was made by BCHF on August 28, 2008. The contract was renewed for the period July 1, 2010 through June 30, 2015. Under the terms of the contract BCHF will provide sponsorship services for a fee. See Note XI for further discussion of the sponsor services. MCM entered into an agreement with Constellation Schools (CS) to provide management services for the fiscal year. See Note XI for further discussion of this management agreement. On July 20, 2009 the school name was changed to Constellation Schools: Mansfield Community Middle. A request to modify the contract with BCHF was made on July 8, 2009 to operate as a middle school beginning with fiscal year 2010 which was subsequently approved.

MCM operates under a six member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualification of teachers. The Board of Directors controls MCM instructional facility staffed by eight certificated full time teaching personnel who provided services to 86 students. During 2011, the board members for MCM also serve as the board for Constellation Schools: Westside Community School of the Arts.

**II. Summary of Significant Accounting Policies**

The financial statements of MCM have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
**- A Community School -**  
**Richland County**

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

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organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles to its governmental activities provided they do not conflict with or contradict GASB pronouncements. MCM also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. MCM has elected not to follow FASB guidance issued after November 30, 1989 for its proprietary activities. The more significant of MCM's accounting policies are described below.

**1. Basis of Presentation**

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, 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.

**2. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. MCM prepares financial statements using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which MCM receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when the use is first permitted; matching requirements, in which MCM must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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provided to MCM on a reimbursement basis. Expenses are recognized at the time they are incurred.

**3. Cash**

All monies received by MCM are deposited in demand deposit accounts.

**4. Budgetary Process**

Pursuant to Ohio Revised Code Chapter 5705.391 MCM prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. MCM will from time to time adopt budget revisions as necessary.

**5. Due From Other Governments**

Monies due MCM for the year ended June 30, 2011 are recorded as Due From Other Governments. A current asset for the receivable amount is recorded at the time of the event causing the monies to be due.

**6. Capital Assets and Depreciation**

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. All items with a useful life of one year or greater and a value of \$500 or more are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated except for land. Depreciation of buildings, building improvements, computers, technology and furniture and equipment is computed using the straight line method over their estimated useful lives. Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets or less. Estimated useful lives are as follows:

<b>Capital Asset Classification</b>	<b>Years</b>
Building	40
Building Improvements	10 to 40
Computers and Technology	3
Furniture and Equipment	10

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
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**Richland County**

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

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**7. Intergovernmental Revenues**

MCM currently participates in the State Foundation Program, the State Poverty Based Assistance Program and the Federal State Fiscal Stabilization Funds Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. MCM also participates in Federal Entitlement Programs, the Federal Lunch Reimbursement Program, the American Recovery and Reinvestment Act, Race to the Top, Education Jobs and various State Grant Programs. State and Federal Grants and Entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

MCM participated in the Federal Public Charter School Program through the Ohio Department of Education. Under this program, MCM was awarded \$250,000 in fiscal year 2010 and \$150,000 in fiscal year 2011. During fiscal year 2010, \$169,020 of the 2010 award was received. In 2011, the remaining \$80,980 for fiscal year 2010 was received and \$31,021. The remaining \$118,979 of the 2011 award was received in fiscal year 2012. Revenue received from this program is recognized as non-operating revenue on the accompanying financial statements.

Amounts awarded under the above named programs for the 2011 school year totaled \$851,194.

**8. Private Grants and Contributions**

MCM receives grants and contributions from private sources to support the schools programs. Private grants and contributions are recognized as non-operating revenues in the accounting period in which they are received. Amounts received for the 2011 school year totaled \$27,500 from Constellation Schools, which provides management services to MCM (see Note XI).

**9. Compensated Absences**

Vacation is taken in a manner which corresponds with the school calendar; therefore, MCM does not accrue vacation time as a liability.

Sick leave benefits are earned at the rate of one and one-quarter day per month and can be accrued up to a maximum of one hundred twenty days. MCM will accept the transfer of sick days from another school district up to the maximum accrual amount. No financial accrual for sick time is made since unused sick time is not paid to employees upon employment termination.

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
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**Richland County**

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

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**10. Use of 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.

**11. Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The deferred revenue for MCM consists of materials fees received in the current year which pertains to the next school year.

**III. Deposits**

At fiscal year end June 30, 2011, the carrying amount of MCM's deposits totaled \$43,847 and its bank balance was \$53,746. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, none of the bank balance was exposed to custodial risk as discussed below, while \$53,746 was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, MCM will not be able to recover the 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 the 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 MCM.

**IV. Operating Facility**

On January 13, 2010 the building MCM occupies was donated by Constellation Schools to MCM. MCM assumed all operating costs of the building effective July 1, 2009. The land and building have been valued at \$187,990 and \$233,040 respectively (total \$421,030) and was based on the assessed value determined by the Richland County Auditor.

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
**- A Community School -**  
**Richland County**

**NOTES TO THE FINANCIAL STATEMENTS**  
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**V. Capital Assets**

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

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/11</u>
Capital Assets Not Being Depreciated:				
Land	\$187,990	\$0	\$0	\$187,990
Capital Assets Being Depreciated:				
Building	233,040	0	0	233,040
Building Improvements	1,120	5,100	0	6,220
Computers and Technology	130,733	3,101	0	133,834
Furniture and Equipment	20,014	34,660	0	54,674
Total Capital Assets Being Depreciated	<u>384,907</u>	<u>42,861</u>	<u>0</u>	<u>427,768</u>
Less Accumulated Depreciated:				
Building	(2,670)	(5,826)	0	(8,496)
Building Improvements	(19)	(198)	0	(217)
Computers and Technology	(18,693)	(38,185)	0	(56,878)
Furniture and Equipment	(4,145)	(6,595)	0	(10,740)
Total Accumulated Depreciation	<u>(25,527)</u>	<u>(50,804)</u>	<u>0</u>	<u>(76,331)</u>
Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>359,380</u>	<u>(7,943)</u>	<u>0</u>	<u>351,437</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$547,370</u>	<u>(\$7,943)</u>	<u>\$0</u>	<u>\$539,427</u>



**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**VI. Purchased Services**

Purchased Services include the following:

Instruction	\$50,636
Pupil Support Services	36,474
Staff Development & Support	25,748
Administrative	150,208
Occupancy Costs	94,386
Food Services	<u>32,689</u>
Total Purchased Services	<u><u>\$390,141</u></u>

**VII. Risk Management**

**1. Property and Liability Insurance**

MCM is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2011, MCM contracted with Cincinnati Insurance Company for all of its' insurance.

General liability is covered at \$4,000,000 single occurrence limit and \$5,000,000 aggregated. Hired and Non-Owned Vehicles are covered at \$500,000 combined single limit of liability. Other coverage includes Employee Crime, School Leaders Errors & Omissions, Sexual Abuse and Misconduct, Electronic Data Processing and Business Interruption. Settled claims have not exceeded this coverage during the schools' first year of operations, nor has there been any significant reduction in insurance coverage during the year.

**2. Workers' Compensation**

MCM makes premium payments to the Ohio Worker's Compensation System for employee injury coverage. There has been one claim filed by MCM employees with the Ohio Worker's Compensation System between January 1, 2008 and June 30, 2011. The total payments made for this claim have been \$800. In the opinion of management, this claim will not have a material adverse effect on the overall financial position of MCM as June 30, 2011.

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**  
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**3. Employee Medical, Dental, Vision and Life Benefits**

MCM provides medical, dental, vision and life insurance benefits to all full time employees. Employees participate in premium payments through pretax payroll deductions. Total insurance benefits paid by MCM for the fiscal year is \$39,555.

**VIII. Defined Benefit Pension Plans**

**1. State Teachers Retirement System**

MCM 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 comprehensive annual financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371, by calling toll-free 1-888-227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

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

The DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the members' three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service

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credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years until 100% of the final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3% of the original base amount for DB Plan participants.

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

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

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

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

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

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010 (the latest year available), were 10% of covered payroll for members and 14% for employers. The amount required to fund pension obligations during the year is 13%.

MCM's required contributions for pension obligations for the fiscal years ended June 30, 2011, 2010 and 2009 were \$37,035, \$16,243 and \$13,526, respectively; 100% has been contributed for fiscal years 2011, 2010 and 2009. Member and employer contributions actually made for DB, DC and Combined Plan participants will be provided upon written request.

**2. School Employees Retirement System**

MCM contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report can be obtained by contacting SERS, 300 E. Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free 1-800-878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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Plan members are required to contribute 10% of their annual covered salary and MCM is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. MCM's contributions to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$4,248, \$3,368 and \$2,952, respectively; 100% has been contributed for fiscal years 2011, 2010 and 2009.

**IX. Post-Employment Benefits Other than Pension Benefits**

**1. State Teachers Retirement System**

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple employer health care plans. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law. For the fiscal years ended June 30, 2011, 2010 and 2009 MCM's contributions to post-employment health care were \$2,849, \$1,249 and \$1,040 respectively; 100% has been contributed for fiscal years 2011, 2010 and 2009.

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**2. School Employees Retirement System**

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio administers two post-employment benefit plans. The Medicare B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare Part B Fund. For fiscal year 2011 the actuarially required allocation is .76%. For the fiscal years ended June 30, 2011, 2010 and 2009 MCM contributions to Medicare Part B were \$231, \$183 and \$158, respectively; 100% has been contributed for fiscal years 2011, 2010 and 2009.

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Ohio Revised Code provides a statutory authority to fund SERS' postemployment benefits through employee contributions. Active members do not make contributions to the postemployment plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011 the health care allocation is 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS covered payroll; nor may SERS collect in aggregate more than

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1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. For the fiscal years ended June 30, 2011, 2010 and 2009 MCM contributions to the Health Care Plan, including the surcharge were \$892, \$467 and \$1,195, respectively; 48.6% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. \$458 representing the unpaid surcharge due for fiscal year 2011 is recorded as a liability within the respective funds.

**X. Contingencies**

**1. Grants**

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

**2. Enrollment FTE**

The Ohio Department of Education conducts reviews of enrollment and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of this review could result in state funding being adjusted. Adjustments to the state funding received during fiscal year 2011 are immaterial and are not reflected in the financial statements but will be included in the financial activity for fiscal year 2012.

**XI. Sponsorship and Management Agreements**

MCM entered into an agreement with Buckeye Community Hope Foundation (BCHF) to provide sponsorship and oversight services as required by law. The agreement is effective February 29, 2010. Sponsorship fees are calculated as 3% of the Fiscal Year 2011 Foundation payments received by MCM, from the State of Ohio. The total amount due from MCM for fiscal year 2011 was \$17,176, all of which was paid prior to June 30, 2011.

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MCM entered into an agreement with Constellation Schools LLC to provide legal, financial, and business management services for fiscal year 2011. The agreement was for a period of one year, effective July 1, 2010. Management fees are calculated as 6% of the Fiscal Year 2011 Foundation and State Fiscal Stabilization Funds payment received by MCM from the State of Ohio plus a fixed fee of \$41,250. The total amount due from MCM for the fiscal year ending June 30, 2011 was \$78,532. During 2011 cash flow issues required the management company to reduce the management fee in the amount of \$62,500 which is recorded as Other Income.





# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 21, 2011

To the Board of Trustees  
Constellation Schools: Mansfield Community Middle  
455 Park Avenue West  
Mansfield, OH 44906

**INDEPENDENT AUDITOR'S 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***

We have audited the financial statements of the Constellation Schools: Mansfield Community Middle (the School) as of and for the year ended June 30, 2011, which collectively comprise the Constellation Schools: Mansfield Community Middle's basic financial statements and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Constellation Schools: Mansfield Community Middle is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### **Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

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

*Hea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Trustees  
Constellation Schools: Mansfield Community Middle  
455 Park Avenue West  
Mansfield, OH 44906

November 21, 2011

To the Board of Trustees:

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

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

1. We noted the School amended its anti-harassment policy at its meeting on June 17, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

*Rea & Associates, Inc.*

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# Dave Yost • Auditor of State

**CONSTELLATION SCHOOLS: MANSFIELD COMMUNITY MIDDLE**

**RICHLAND 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  
DECEMBER 27, 2011**