



Dave Yost • Auditor of State



**AUTISM MODEL SCHOOL  
LUCAS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Autism Model School  
Lucas County  
3020 Tremainsville Road  
Toledo, Ohio 43613

To the Governing Board:

We have audited the accompanying basic financial statements of Autism Model School, Lucas County, Ohio (the School), as of and for the year ended June 30, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Dave Yost**  
Auditor of State

January 26, 2012

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

The management's discussion and analysis of the Autism Model School (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- Net assets were \$426,557 at June 30 2011.
- The School had operating revenues of \$2,444,600 and operating expenses of \$2,926,613 for fiscal year 2011. The School also received \$657,124 in Federal and State grants during fiscal year 2011. The total change in net assets for the fiscal year was an increase of \$204,966.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The *statement of net assets* and *statement of revenues, expenses and changes in net assets* provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

**Reporting the School Financial Activities**

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

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

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

The statement of cash flows provides information about how the School finances and is meeting the cash flow needs of its operations.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

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

	<b>Net Assets</b>	
	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Current assets	\$ 433,601	\$ 281,725
Capital assets, net	<u>126,782</u>	<u>120,067</u>
 Total assets	 <u>560,383</u>	 <u>401,792</u>
<b><u>Liabilities</u></b>		
Current liabilities	99,445	94,055
Non-current liabilities	<u>34,381</u>	<u>86,146</u>
 Total liabilities	 <u>133,826</u>	 <u>180,201</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	92,401	33,921
Restricted	25,336	
Unrestricted	<u>308,820</u>	<u>187,670</u>
 Total net assets	 <u>\$ 426,557</u>	 <u>\$ 221,591</u>

At June 30, 2011, the School's assets increased by \$158,591, which represents a 39.47% increase from fiscal year 2010. The increase was primarily due to an increase in cash and cash equivalents which was the result of the receipt additional grant funding from the American Recovery and Reinvestment Act (ARRA). Total liabilities decreased by \$46,375 which represents a 25.74% decrease from fiscal year 2010. This decrease is primarily a result of a decrease in non-current liabilities related to the repayment of vehicle loans. The Schools net assets increased by \$204,966, which represents a 92.50% increase from fiscal year 2010.



**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

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

**Change in Net Assets**

	<u>2011</u>	<u>2010</u>
<b><u>Operating Revenues:</u></b>		
Foundation basic aid	\$ 468,432	\$ 490,860
Poverty-based assistance	32,045	34,101
Special education	1,922,816	2,021,503
Sales/charges for services	808	
Other operating revenue	<u>20,499</u>	<u>3,440</u>
Total operating revenue	<u>2,444,600</u>	<u>2,549,904</u>
<b><u>Operating Expenses:</u></b>		
Salaries and wages	1,560,597	1,604,559
Fringe benefits	338,204	362,689
Purchased services	752,120	565,916
Materials and supplies	194,784	90,001
Depreciation	43,209	31,542
Other	<u>37,699</u>	<u>59,526</u>
Total operating expenses	<u>2,926,613</u>	<u>2,714,233</u>
<b><u>Non-operating revenues (expenses):</u></b>		
Federal and state operating grants	657,124	300,416
Interest income	245	122
Contributions and donations	34,586	26,466
Interest and fiscal charges	<u>(4,976)</u>	<u>(8,487)</u>
Total non-operating revenues (expenses)	<u>686,979</u>	<u>318,517</u>
Change in net assets	204,966	154,188
Net assets at beginning of year	<u>221,591</u>	<u>67,403</u>
Net assets at end of year	<u>\$ 426,557</u>	<u>\$ 221,591</u>

State Foundation Basic Aid and Special Education, as a whole are the primary support for the School, representing 76.24% of total operating and non-operating revenues. Salaries and fringe benefits comprise 64.77% of total operating and non-operating expenses.

The School had total revenues of \$3,136,555, and total expenses of \$2,931,589. The change in net assets for the year was an increase of \$204,966.

**Capital Assets**

At June 30, 2011, the School had \$126,782 invested in furniture, fixtures and equipment, capital leases, and vehicles net of accumulated depreciation. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**Debt Administration**

At June 30, 2011, the School had \$34,381 in loans payable. Of this amount, \$23,405 is due within one year and \$10,976 is due in more than one year. See Note 7 in the notes to the basic financial statements for more detail on long-term obligations outstanding.

**Current Financial Related Activities**

The School's financial relationship with the Lucas County Educational Service Center as the School's fiscal agent greatly improves the internal control structure and quality of its financial records. During the 2010-2011 school year there were 90 students enrolled in the School.

The School receives its finances mostly from State aid. In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for State and Federal funds that are made available to finance its operations.

**Contacting the School's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Mary Walters, Director at Autism Model School, 3020 Tremainsville Road, Toledo Ohio 43613 or email at autismschool@hotmail.com

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

**STATEMENT OF NET ASSETS  
JUNE 30, 2011**

**Assets:**

Current assets:

Cash and cash equivalents	\$ 343,029
Intergovernmental receivables	52,345
Prepayments	<u>38,227</u>

Total current assets 433,601

Non-current assets:

Depreciable capital assets, net	<u>126,782</u>
---------------------------------	----------------

Total assets 560,383

**Liabilities:**

Current liabilities:

Accounts payable	16,326
Accrued wages and benefits	34,755
Pension obligation payable	4,866
Intergovernmental payable	<u>43,498</u>

Total current liabilities 99,445

Non-current liabilities:

Due within one year	23,405
Due in more than one year	<u>10,976</u>

Total non-current liabilities 34,381

Total liabilities 133,826

**Net assets:**

Invested in capital assets, net of related debt	92,401
Restricted for federal programs	25,336
Unrestricted	<u>308,820</u>

Total net assets \$ 426,557

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

<b>Operating revenues:</b>	
Foundation basic aid	\$ 468,432
Poverty-based assistance	32,045
Special education	1,922,816
Sales/charges for services	808
Other	20,499
Total operating revenues	<u>2,444,600</u>
<b>Operating expenses:</b>	
Salaries and wages	1,560,597
Fringe benefits	338,204
Purchased services	752,120
Materials and supplies	194,784
Other	43,209
Depreciation	37,699
Total operating expenses	<u>2,926,613</u>
Operating loss	<u>(482,013)</u>
<b>Non-operating revenues (expenses):</b>	
Federal and state operating grants	657,124
Interest income	245
Contributions and donations	34,586
Interest and fiscal charges	(4,976)
Total non-operating revenues (expenses)	<u>686,979</u>
Change in net assets	204,966
<b>Net assets at beginning of year</b>	<u>221,591</u>
<b>Net assets at end of year</b>	<u><u>\$ 426,557</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Cash flows from operating activities:</b>	
Cash received from state foundation	\$ 2,423,293
Cash received from sales/charges for services	808
Cash received from other operations	20,499
Cash payments for salaries and wages	(1,552,314)
Cash payments for fringe benefits	(360,824)
Cash payments for contractual services	(738,469)
Cash payments for materials and supplies	(193,336)
Cash payments for other expenses	(41,300)
	<hr/>
Net cash used in operating activities	(441,643)
	<hr/>
<b>Cash flows from noncapital financing activities:</b>	
Federal and state operating grants	622,388
Cash received from contributions and donations	34,586
	<hr/>
Net cash provided by noncapital financing activities	656,974
	<hr/>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(44,414)
Principal payments	(51,765)
Interest payments	(4,976)
	<hr/>
Net cash used in capital and related financing activities	(101,155)
	<hr/>
<b>Cash flows from investing activities:</b>	
Interest received	245
	<hr/>
Net increase in cash and cash equivalents	114,421
	<hr/>
<b>Cash and cash equivalents at beginning of year</b>	228,608
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 343,029</u></u>
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (482,013)
Adjustments:	
Depreciation	37,699
Changes in assets and liabilities:	
(Increase) in prepayments	(2,719)
Increase in accounts payable	13,183
Increase in accrued wages and benefits	8,283
(Decrease) in intergovernmental payable	(17,236)
Increase in pension obligation payable	1,160
	<hr/>
Net cash used in operating activities	<u><u>\$ (441,643)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

Autism Model School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax-exempt status. The School's objective is to address the needs of students' ages 5 to 22 who are diagnosed with autism or anything within the spectrum of autism disorders. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under an amended and restated contract with the Lucas County Educational Service Center (the "Sponsor") for a period of one year commencing July 1, 2009. The contract terminates on June 30, 2010 and thereafter, renews annually for one-year terms from July 1 to June 30. This contract was renewed for fiscal years 2011 and 2012 by the Sponsor. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The sponsorship agreement states the Treasurer of Lucas County Educational Service Center shall serve as the Chief Financial Officer of the School (See Note 12).

The School operates under the direction of a six-member Governing Board. The Governing 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 qualifications of teachers. The Governing Board controls the School's two instructional/support facilities staffed by 23 non-certified and 38 certificated personnel who provide services to 90 students.

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

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

**A. Basis of Presentation**

The 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. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

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

**B. 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 statements of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting.

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

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

Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Chapter 5705.391(A) of the Ohio Revised Code also requires the School to prepare a 5-year forecast, update it annually, and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

**E. Cash and Cash Equivalents**

All monies received by the School are accounted for by the School's fiscal agent, the Lucas County Educational Service Center. All cash received by the fiscal agent is maintained in separate bank accounts in the School's name. Monies for the School are maintained in these accounts or temporarily used to purchase short-term investments.

For the purposes of the statement of cash flows and for presentation on the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During the fiscal year ended 2011, investments were limited to repurchase agreements. Investments were reported at fair value which is based on quoted market prices.



**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

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

**F. Capital Assets and Depreciation**

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

Improvements are capitalized. The cost 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 reported capital assets are depreciated. Improvements are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Live</u>
Furniture, Fixtures and Equipment	5 Years
Vehicles	5 Years
Capital Leases	5 Years

**G. Intergovernmental Revenues**

The School currently participates in the Foundation Basic Aid Program, State Poverty-Based Assistance Program and State Special Education Program. Revenues received from these programs are recognized as operating revenues (foundation payments) in the accounting period in which all eligibility requirements have been met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility includes 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 School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

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

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**J. Estimates**

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

**K. Operating Revenues and Expenses**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

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

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

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

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS**

**A. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all School deposits was \$(38,061), exclusive of the \$381,090 repurchase agreement included in investments below. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the School's bank accounts. The negative carrying amount of deposits is primarily due to the sweeping of money into overnight repurchase agreements, which are reported as "investments". Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, the School's entire bank balance of \$66,085 was covered by the Federal Deposit Insurance Corporation (FDIC).

**B. Investments**

As of June 30, 2011, the School had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
Repurchase agreement	<u>\$ 381,090</u>	<u>\$ 381,090</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The Farmer Mac security underlying the repurchase agreement was rated AAA by Standard and Poor's and Aa1 by Moody's. The School has no investment policy dealing with credit risk beyond the requirements of State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the School's \$381,090 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the School. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The School has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	<u>\$ 381,090</u>	<u>100.00</u>

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

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

**C. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ (38,061)
Investments	<u>381,090</u>
Total	<u>\$ 343,029</u>

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2011, consisted of intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full. A summary of the intergovernmental receivables follows:

<b><u>Intergovernmental receivables:</u></b>	<u>Amount</u>
Race to the Top	\$ 6,990
IDEA Part-B	987
Title I	44,129
ARRA IDEA	<u>239</u>
Total intergovernmental receivables	<u>\$ 52,345</u>

**NOTE 6 - CAPITAL ASSETS**

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

	<u>Balance</u>		<u>Balance</u>
	<u>06/30/10</u>	<u>Additions</u>	<u>06/30/11</u>
	<u>Deductions</u>		
<i>Capital assets, being depreciated:</i>			
Furniture, fixtures and equipment	\$ 104,222	\$ 21,414	\$ 125,636
Capital leases	16,341		16,341
Vehicles	<u>158,471</u>	<u>23,000</u>	<u>181,471</u>
Total capital assets, being depreciated	<u>279,034</u>	<u>44,414</u>	<u>323,448</u>
<i>Less: accumulated depreciation</i>			
Furniture, fixtures and equipment	(99,405)	(3,705)	(103,110)
Capital leases	(16,341)	-	(16,341)
Vehicles	<u>(43,221)</u>	<u>(33,994)</u>	<u>(77,215)</u>
Total accumulated depreciation	<u>(158,967)</u>	<u>(37,699)</u>	<u>(196,666)</u>
Governmental activities capital assets, net	<u>\$ 120,067</u>	<u>\$ 6,715</u>	<u>\$ 126,782</u>

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 7 - LONG-TERM OBLIGATIONS**

The changes in the School's long-term obligations during the year consist of the following:

	<u>Balance</u> <u>6/30/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/11</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
Loans payable	\$ 86,146	\$ -	\$ (51,765)	\$ 34,381	\$ 23,405
Total governmental activities long-term liabilities	<u>\$ 86,146</u>	<u>\$ -</u>	<u>\$ (51,765)</u>	<u>\$ 34,381</u>	<u>\$ 23,405</u>

The School entered into loans for the purchase of 5 vans in fiscal year 2009. These loans were each for 36 months with interest rates between 8.0 and 8.5 percent. The School entered into an additional loan for the purchase of a van during fiscal year 2010. The loan was for 60 months with a 6.79% interest rate.

The following is a summary of the future annual debt service requirements to maturity for the vehicle loans:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 23,405	\$ 1,329	\$ 24,734
2013	4,662	633	5,295
2014	5,006	289	5,295
2015	<u>1,308</u>	<u>16</u>	<u>1,324</u>
Total	<u>\$ 34,381</u>	<u>\$ 2,267</u>	<u>\$ 36,648</u>

**NOTE 8 - RISK MANAGEMENT**

**A. Insurance Coverage**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School contracted with Cincinnati Insurance Company for general liability and property insurance and educational errors and omissions insurance.

<u>Coverage</u>	<u>Limits of</u> <u>Coverage</u>
Commercial General Liability per occurrence	\$ 1,000,000
Commercial General Liability aggregate	3,000,000
Commercial General Liability Personal and Advertising Injury	1,000,000
Business Property:	
Tremainsville Road	200,000
Genoa	6,000
Director's & Officer's Liability	1,000,000

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 8 - RISK MANAGEMENT – (Continued)**

Settled claims have not exceeded this commercial coverage in any of the past three years. The School owns no property, but leases three facilities located at 3020 Tremainsville Road, Toledo, Ohio, 303 W. Fourth Street, Genoa Ohio and 218 W. High Street, Bryan, Ohio.

**B. Workers' Compensation**

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**C. Employee Medical, Dental, Vision, Prescription and Life Benefits**

The School provides employee medical, dental, and vision insurance to its employees. The School pays 50% of the monthly premium for medical coverage.

**NOTE 9 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Media/Financial Reports".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$79,431, \$87,687 and \$60,166, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 9 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org) under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$113,771, \$118,853 and \$127,951, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$20,436 made by the School and \$14,597 made by the plan members.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 9 - PENSION PLANS - (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Governing Board have elected Social Security. The School's liability is 6.2 percent of wages paid.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The School participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. 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 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Media/Financial Reports".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. 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 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.



**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$21,594, \$14,701 and \$38,667, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$5,112, \$5,215 and \$4,964, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**B. State Teachers Retirement System of Ohio**

Plan Description - The School contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$8,752, \$9,143 and \$9,842, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**NOTE 11 - OPERATING LEASES**

The School entered into an operating lease agreement on July 1, 2010 with the Roman Catholic Diocese of Toledo to rent the St. Clement Parish Church and adjacent former St. Clement School located at 3020 Tremainsville Road, Toledo, Ohio. The lease is for a two year term terminating on June 30, 2012 with one automatic five year renewal. Rent will be paid in the amount of \$160,800 annually in monthly installments of \$13,400.

The School renewed a lease with 4848 Door LTD for an additional three year period which commenced on August 22, 2007, and terminated on August 21, 2010. Rent was paid in the amount of \$109,200 annually for three years payable in monthly installments of \$9,100.

The School entered into an operating lease agreement on November 1, 2007, with 4848 Dorr to rent the house next to the School facility. The terms of the lease states the lease commenced on November 22, 2007 and terminated on August 21, 2010. Rent was paid in the amount of \$59,400 for the thirty-three month term payable in monthly installments of \$1,800.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 11 - OPERATING LEASES – (Continued)**

The School has also entered into an agreement with the Christ Community Church to rent space for their Clay Center (Genoa) school location. The rent will be negotiated yearly. The 2011 rent payments were \$1,100 per month.

The School also pays \$850 per month to Chuck Shepard for the Bryan, Ohio location.

**NOTE 12 - FISCAL AGENT**

The School entered into a service agreement as part of its Sponsorship contract with the Treasurer of the Lucas County Educational Service Center (the "Sponsor") to serve as the Chief Fiscal Officer of the School. As part of this agreement, the School shall compensate the Sponsor two percent (2%) of the per pupil allotment paid to the School from the State of Ohio. Total contract payments of \$55,550 in fiscal fees and \$36,335 in Sponsor fees were paid during fiscal year 2011.

The Treasurer shall perform all of the following functions while serving as the Chief Fiscal Officer of the School:

- Maintain custody of all funds received by the School in segregated accounts separate from the Sponsor or any other Community School's funds;
- Maintain all books and accounts of the School;
- Maintain all financial records of all State funds of the School and follow State Auditor procedures for receiving and expending State funds;
- Assist the School in meeting all financial reporting requirements established by the Auditor of the State of Ohio;
- Invest funds of the School in the same manner as the funds of the Sponsor are invested, but the Treasurer shall not commingle the funds with any of the Sponsor or any other community school; and,
- Pay obligations incurred by the School within a reasonable amount of time, not more than 14 calendar days after receipt of a properly executed voucher signed by the Chief Administrative Office of the School so long as the proposed expenditure is within the approved budget and funds are available.

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

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

**NOTE 13 - PURCHASED SERVICES**

For fiscal year 2011, purchased services expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	\$ 506,259
Property services	203,315
Travel	10,745
Communcations	26,981
Utilities	3,105
Other purchased services	<u>1,715</u>
Total	<u><u>\$ 752,120</u></u>

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

**B. Ohio Department of Education Enrollment Review**

The Ohio Department of Education conducts reviews of enrollment data 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. For fiscal year 2011, the review resulted in a decrease in funding of \$1,491

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**AUTISM MODEL SCHOOL  
LUCAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through the Ohio Department of Education</i>			
ARRA - Title I Grants to Local Educational Agencies	84.389	\$ 23,864	\$ 23,864
Title I Grants to Local Educational Agencies	84.010	20,899	53,388
Total Title I Grants to LEA Cluster		<u>44,763</u>	<u>77,252</u>
ARRA - Special Education Grants to States	84.392	246	246
Special Education Grants to States	84.027	51,397	46,545
Total Special Education Grants to States Cluster		<u>51,643</u>	<u>46,791</u>
Safe and Drug-Free Schools and Communities State Grant	84.186	211	
Education Technology State Grant	84.318	395	395
Improving Teacher Quality State Grants	84.367	4,756	2,787
21st Century Grant	84.287	200,000	193,706
Education Jobs Fund	84.410	109,014	101,352
ARRA - Education Stabilization Grant	84.394	<u>206,505</u>	<u>206,505</u>
<b>Total</b>		<b><u><u>\$ 617,287</u></u></b>	<b><u><u>\$ 628,788</u></u></b>

*The accompanying note are an intergral part of this schedule.*

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Autism Model School's (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.



# Dave Yost • Auditor of State

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

Autism Model School  
Lucas County  
3020 Tremainsville Road  
Toledo, Ohio 43613

To the Governing Board:

We have audited the basic financial statements of Autism Model School, Lucas County, Ohio, (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

We intend this report solely for the information and use of management, the audit committee, Governing Board, the Community School's sponsor, federal awarding agencies, pass-through entities, and others within the School. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

January 26, 2012





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Autism Model School  
Lucas County  
3020 Tremainsville Road  
Toledo, Ohio 43613

To the Governing Board

### Compliance

We have audited the compliance of Autism Model School, Lucas County, Ohio (the School), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with these requirements.

In our opinion, Autism Model School, Lucas County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

Autism Model School  
Lucas County  
Independent Accountants' Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance Required by OMB Circular A-133  
Page 2

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, Governing Board, the Community School's sponsor, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

January 26, 2012

**AUTISM MODEL SCHOOL  
LUCAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	21 <sup>st</sup> Century Grant - CFDA # 84.287  ARRA - Education Stabilization Grant - CFDA # 84.394
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Autism Model School  
Lucas County  
3020 Tremainsville Road  
Toledo, Ohio 43613

To the Governing Board:

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 Governing Board, solely to assist the Governing Board in evaluating whether Autism Model School (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.

We noted the School amended its anti-harassment policy at its meeting on August 30, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

January 26, 2012

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# Dave Yost • Auditor of State

**AUTISM MODEL SCHOOL**

**LUCAS 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  
FEBRUARY 9, 2012**