CRITTENTON COMMUNITY SCHOOL
Columbus, Ohio

Financial Statements,
Schedule of Expenditures of Federal Awards and Related Independent
Auditors' Reports in Accordance With Government
Auditing Standards and OMB Circular A-133

For the years ended June 30, 2011 and 2010

# Dave Yost · Auditor of State

Board of Governors
Crittenton Community School
1418 East Broad Street
Columbus, Ohio 43205

We have reviewed the *Independent Auditors' Report* of the Crittenton Community School, Franklin County, prepared by Schneider Downs & Co., 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 Crittenton Community School is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

February 24, 2012

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## INDEPENDENT AUDITORS' REPORT

Board of Governors
Crittenton Community School
Franklin County
1418 East Broad Street
Columbus, Ohio 43205

We have audited the accompanying statements of net assets of the Crittenton Community School (the School) as of June 30, 2011 and 2010 and the related statements of revenues, expenses and change in net assets and cash flows for the years then ended. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2011 and 2010, and the change in its net assets and cash flows for the years 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 December 21, 2011, on our consideration of the School's internal control over financial reporting and on 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.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, which considers it to be an essential part of financial reporting 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 audits 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 assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Schneider Downs & Co., Inc.

Columbus, Ohio
December 21, 2011

CRITTENTON COMMUNITY SCHOOL

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

The discussion and analysis of the Crittenton Community School's (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 notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- In total, net assets were $182,699 at June 30, 2011.
- The School had operating revenues of $850,550, operating expenses of $1,418,579 and non-operating revenues of $624,640 for fiscal year 2011. The operating loss was $568,029. The increase in net assets was $56,611.

**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 change 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's Financial Activities**

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

These documents look at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of revenues, expenses and change 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 change in those assets. The 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. These statements can be found on Pages 7 and 8 of this report.

The statement of cash flows provides information about how the School finances and meets the cash flow needs of its operations. The statement of cash flows can be found on Page 9 of this report.

The table below provides a comparative analysis of the School's net assets for fiscal years 2011, 2010 and 2009:

**Net Assets**

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Assets** | | | |
| Current assets | $ 212,180 | $ 134,230 | $ 91,938 |
| Capital assets, net | 81,170 | 88,290 | 81,450 |
| Total assets | 293,350 | 222,520 | 173,388 |
| **Liabilities** | | | |
| Current liabilities | 110,651 | 96,432 | 62,110 |
| **Net Assets** | 182,699 | 126,088 | 111,278 |
| Total Liability and Net Assets | $ 293,350 | $ 222,520 | $ 173,388 |

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the School's net assets totaled $182,699.

Current assets of $212,180 represent cash, account receivables, intergovernmental receivables and prepayments. Current liabilities of $110,651 represent accounts payable, accrued wages and related liabilities payable, benefits payable and intergovernmental payable.

At June 30, 2011, capital assets represent approximately 28% of total assets. Net assets invested in capital assets at June 30, 2011 were $81,170.

The table below shows the change in net assets of the School for fiscal years 2011, 2010 and 2009.

**Change in Net Assets**

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Operating Revenues: | | | |
| Foundation payments | $ 641,681 | $ 524,097 | $ 614,421 |
| School contracts payments | 189,817 | 231,597 | 256,995 |
| Disadvantaged pupil impact aid | 7,782 | 10,968 | 9,918 |
| Other | 11,270 | 13,338 | 17,905 |
| Total Operating Revenues | 850,550 | 780,000 | 899,239 |
| Operating Expenses: | | | |
| Salaries | 882,869 | 777,824 | 644,483 |
| Fringe benefits | 237,809 | 179,486 | 174,954 |
| Purchased services | 241,731 | 222,871 | 158,016 |
| Materials and supplies | 31,120 | 47,220 | 17,853 |
| Depreciation | 7,120 | 5,648 | 5,870 |
| Other expenses | 17,930 | 15,546 | 17,068 |
| Total Operating expenses | 1,418,579 | 1,248,595 | 1,018,244 |
| Non-Operating Revenues and (Expenses): | | | |
| School grant subsidies | 624,640 | 483,405 | 168,235 |
| Total Non-Operating Revenues | 624,640 | 483,405 | 168,235 |
| Change in Net Assets | 56,611 | 14,810 | 49,230 |
| Net Assets Beginning of Year | 126,088 | 111,278 | 62,048 |
| Net Assets End of Year | $ 182,699 | $ 126,088 | $ 111,278 |

Net assets increased $56,611 from 2010. Foundation payments increased due to the number of students increasing throughout the year. Tuition decreased due to fewer contract students enrolled at the School. Salaries increased $105,045 due to additional funds from the school improvement grants. Fringe benefits increased by $58,323 due to an increase in salaries. Supplies decreased by $16,100 due to the school grants budgeting less money for supplies. General fund supplies remained consistent with the previous year. Grants and subsidies increased by $141,235. The CCIP grants decreased by $59,417, and the ARRA grants decreased by $78,460. However, in fiscal year 2011 the schools received funding from the SIG, Race to the Top, and Job Education grants to offset the decreases.

At the end of fiscal year 2011, the School had $81,170 invested in furniture and equipment and leasehold improvements net of accumulated depreciation. The following table shows fiscal year 2011 balances compared to 2010 and 2009:

**Capital Assets**

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Furniture and equipment, net | $ 13,299 | $ 18,480 | $ 9,701 |
| Leasehold improvements, net | 67,871 | 69,810 | 71,749 |
| | $ 81,170 | $ 88,290 | $ 81,450 |

The overall decrease in capital assets is due to depreciation expense of $7,120 and no additions in fiscal year 2011. See Note 5 to the basic financial statements for additional information on the School's capital assets.

**Current Financial Related Activities**

The School began operations on July 1, 2002 and is currently located at 1418 East Broad Street, Columbus, Ohio 43205. The School was formed as a 501(c)(3) corporation with a governing board of nine elected members. The School enrolls "high-risk," underachieving middle school students, grades 6 through 9, who are at risk of dropping out of school due to behavioral/emotional issues. The School uses a personalized learning service model that begins with the creation of the students' Individualized Learning Plan. Certified teachers manage a caseload of 5-8 students who have demonstrated, in other schools, an inability to cope with the demands of a classroom setting. The outreach elements of the School have grown out of research that tells us that a quality educational experience is most likely to occur if students, teachers and parents/guardians join together in meaningful collaborative relations.

Due to the intensive academic and emotional needs of the students, the low student-to-teacher ratio creates a financial challenge for the School. Community schools receive no support from taxes; however, the School was awarded $151,451 in federal funds for Comprehensive Continuous Improvement, $200,000 for a 21st Century School Improvement grant, and $246,750 for a School Improvement Grant for the 2010-2011 school year.

**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 Teresa Fry, Fiscal Officer at Crittenton Community School, 1515 Indianola Avenue, Columbus, Ohio 43201, 614-294-2661 or e-mail at tfry@dfyf.org.

CRITTENTON COMMUNITY SCHOOL

STATEMENTS OF NET ASSETS

| | June 30 | |
|---|---|---|
| | 2011 | 2010 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 92,484 | $ 52,690 |
| Accounts receivable | 19,679 | 34,852 |
| Intergovernmental receivable | 92,640 | 46,688 |
| Prepayments | 7,377 | - |
| Total Current Assets | 212,180 | 134,230 |
| Capital Assets, Net of Accumulated Depreciation | 81,170 | 88,290 |
| Total Assets | $ 293,350 | $ 222,520 |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 7,896 | $ 22,692 |
| Accrued wages and related liabilities | 71,442 | 56,940 |
| Benefits payable | 26,820 | 14,789 |
| Intergovernmental payable | 4,493 | 2,011 |
| Total Current Liabilities | 110,651 | 96,432 |
| NET ASSETS | | |
| Invested in capital assets | 81,170 | 88,290 |
| Unrestricted | 62,026 | 37,798 |
| Restricted for other purposes | 39,503 | - |
| Total Net Assets | 182,699 | 126,088 |
| Total Liabilities And Net Assets | $ 293,350 | $ 222,520 |

See notes to financial statements.

CRITTENTON COMMUNITY SCHOOL

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

| | June 30 | |
|---|---|---|
| | 2011 | 2010 |
| OPERATING REVENUES | | |
| Foundation payments | $ 641,681 | $ 524,097 |
| School contracts payments | 189,817 | 231,597 |
| Disadvantaged pupil impact aid | 7,782 | 10,968 |
| Donations | 9,200 | 10,334 |
| Other | 2,070 | 3,004 |
| Total Operating Revenue | 850,550 | 780,000 |
| OPERATING EXPENSES | | |
| Salaries | 882,869 | 777,824 |
| Fringe benefits | 237,809 | 179,486 |
| Purchased services | 241,731 | 222,871 |
| Materials and supplies | 31,120 | 47,220 |
| Depreciation | 7,120 | 5,648 |
| Other | 17,930 | 15,546 |
| Total Operating Expenses | 1,418,579 | 1,248,595 |
| Operating Loss | (568,029) | (468,595) |
| NON-OPERATING REVENUES | | |
| School grant subsidies | 624,640 | 483,405 |
| Change In Net Assets | 56,611 | 14,810 |
| NET ASSETS | | |
| Beginning of year | 126,088 | 111,278 |
| End of year | $ 182,699 | $ 126,088 |

See notes to financial statements.

CRITTENTON COMMUNITY SCHOOL

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

| | 2011 | 2010 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from federal and state governments | $ 647,452 | $ 533,136 |
| Cash received from Columbus public schools | 189,102 | 199,059 |
| Other operating receipts | 14,787 | 19,179 |
| Cash payments to employees for services | (1,088,973) | (943,535) |
| Cash payments to suppliers for goods and services | (293,556) | (247,615) |
| Other operating expenditures | (17,930) | (15,546) |
| Net Cash Used In Operating Activities | (549,118) | (455,322) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of capital assets | - | (12,488) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| School grant subsidies received | 588,912 | 449,217 |
| Net Increase (Decrease) In Cash And Cash Equivalents | 39,794 | (18,593) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 52,690 | 71,283 |
| End of year | $ 92,484 | $ 52,690 |
| RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES | | |
| Operating Loss | $ (568,029) | $ (468,595) |
| ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | | |
| Depreciation | 7,120 | 5,648 |
| Changes in Assets and Liabilities: | | |
| Accounts receivable | 15,173 | - |
| Intergovernmental receivable | (10,224) | (26,697) |
| Prepayments | (7,377) | - |
| Accounts payable | (14,796) | 22,476 |
| Accrued wages and related liabilities | 14,502 | 13,631 |
| Benefits payable | 12,031 | 144 |
| Intergovernmental payable | 2,482 | (1,929) |
| Total Adjustments | 18,911 | 13,273 |
| Net Cash Used In Operating Activities | $ (549,118) | $ (455,322) |

See notes to financial statements.

CRITTENTON COMMUNITY SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

## NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Crittenton Community School (the School) is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service that qualifies as an 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. Specifically, the School's purpose is to be a model community school serving middle school students in the sixth ($6^{th}$) through ninth ($9^{th}$) grades. The School, which is part of the state's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The creation of the School was initially proposed to the Ohio Department of Education by the developers of the School in January 2001. The Ohio Department of Education approved the proposal and entered into a contract with the developers, which provided for the commencement of School operations on August 26, 2002. The School operates under a nine-member Board of Governors (Board). 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 qualifications of teachers. The Principal of the School, under the direction of the CEO, controls the School's one instructional facility staffed by 8 full-time certificated personnel, 17 part-time certificated personnel and the 4 non-certificated personnel (3 full-time and 1 part-time), who provided services to the approximately 97 students. The School ranks as the $844^{th}$ largest in terms of enrollment (among 918 public school districts and community schools) in the State of Ohio.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation - The School's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and change in net assets, and a statement of cash flows. Enterprise reporting focuses on the determination of the change in net assets, financial position and cash flows.

Measurement Focus - Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of change in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting - Basis of accounting determines when transactions are recorded 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 when the exchange takes place. Revenue from non-exchange transactions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Budgetary Process - Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided by the School's contract with its sponsor. The contract between the School and its sponsor, St. Aloysius, does not prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

Cash and Cash Equivalents - All monies received by the School are maintained in a single demand deposit account. Fund integrity is maintained through School records and the USAS accounting system. Total cash for the fund is presented as "cash and cash equivalents" on the accompanying statement of net assets.

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

Capital Assets - Capital assets are recorded at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the dates received. The School maintains a capitalization threshold of one thousand dollars ($1,000). The School did not capitalize any interest during the fiscal year. Improvements are capitalized while the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are expensed as incurred. Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful life of the asset. Improvements to capital assets are depreciated over the remaining useful lives of the related fixed assets. Useful life ranges are from 5 to 40 years, depending on the asset.

Intergovernmental Revenue - The School currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program. Revenues received from these programs are recognized as operating revenues 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 requirements include timing requirements, which specify the year in which the resources are required to be used or the fiscal year in which use is permitted, matching requirements, for which the School must provide local resources to be used for a specified purpose, and expenditure requirements, for which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above-named programs totaled $649,463 and $535,065 for the years ended June 30, 2011 and 2010, respectively.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond the current fiscal year 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 expensed in the year in which services are consumed.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists 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 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.

Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from primary activities. Operating expenses represent costs incurred to provide the goods or services to carry out the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

Accounting Pronouncements - 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 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement 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. 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 existing standards regarding financial reporting 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.

NOTE 3 - DEPOSITS

At fiscal year-end June 30, 2011, the carrying amount of the School's cash and cash equivalents was $92,484, and the bank balance was $82,815, the difference representing outstanding checks and deposits in transit. 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, because the entire balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the School 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 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 and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

NOTE 3 - DEPOSITS (Continued)

The School had no deposit policy for custodial risk beyond the requirements of the state statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

NOTE 4 - RELATED-PARTY TRANSACTIONS

The School entered into a service agreement dated July 1, 2010 with Directions for Youth and Families Group, Inc., (Group) to provide them with strategic planning and executive managerial support services. Executive services provided by the Group include representing the School's interests with the Board of Governors, the community and various funding sources. Financial services include, but are not limited to, financial statement and budget preparation and accounts payable and payroll preparation. Executive services also include planning, property management and public relations. Total charges for fiscal years 2011 and 2010 amounted to $30,216 and $27,132, respectively.

The agreement term is indefinite and shall continue until terminated by either party with 180 days' notice. The monthly fee amount was $2,518 and $2,261 for the years ended June 30, 2011 and 2010, respectively, and that fee is adjusted annually.

The School is a party to an operating lease agreement for office space with the Group. The lease expired June 30, 2011, but was renewed subsequent to year-end, for an additional year. The total rent expense in relation to this operating lease for each of the years ended June 30, 2011 and 2010 was approximately $31,000.

Accounting principles generally accepted in the United States of America require that financial statements of entities controlled through a common board of trustees be consolidated. The School does not have a common board of trustees with the Group, and therefore, the financial statements of these organizations have not been consolidated; however, where control exists in connection with an agreement, the School is required to display summarized financial information of the related entity.

The summarized financial position of the Group as of June 30, 2011 and 2010 is as follows: total assets of $7,551,207 and $7,202,531; total liabilities of $165,545 and $115,697; and total net assets of $7,385,662 and $7,086,834, respectively. The total change in net assets for the years ended June 30, 2011 and 2010 was $298,828 and $337,674, respectively.

## NOTE 5 - CAPITAL ASSETS

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

| | Balance 6/30/10 | Additions | Deductions | Balance 6/30/11 |
|---|---|---|---|---|
| Capital Assets Being Depreciated: | | | | |
| Furniture and equipment | $ 39,354 | - | - | $ 39,354 |
| Leasehold improvements | 77,566 | - | - | 77,566 |
| Total capital assets being depreciated | 116,920 | - | - | 116,920 |
| Less Accumulated Depreciation: | | | | |
| Furniture and equipment | 20,874 | $ 5,181 | - | 26,055 |
| Leasehold improvements | 7,756 | 1,939 | - | 9,695 |
| Total Accumulated Depreciation | 28,630 | 7,120 | - | 35,750 |
| Capital Assets, Net of Accumulated Depreciation | $ 88,290 | $ 7,120 | - | $ 81,170 |

## NOTE 6 - RISK MANAGEMENT

Property and Liability - 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. The School maintains insurance coverage for rental/theft and general liability, in the amount of $1,000,000 and officers' liability in the amount of $3,000,000, which the Board of Governors believes to be adequate.

There were no significant changes in insurance coverage, and the School's settlements did not exceed insurance coverage for each of the past three years.

Workers' Compensation - The School paid the State Workers' Compensation System a premium for employee injury coverage in fiscal year 2011. The premium is calculated by multiplying the monthly gross total payroll by a factor that is calculated by the state.

Employee, Medical, Dental and Vision Benefits - The School provided employee health insurance and dental insurance benefits to full-time certificated and non-certificated personnel during fiscal year 2011. Personnel contribute a portion of the cost of the benefit.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System - The School contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, 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's Ohio website, www.ohsers.org, under *"Media/Financial Reports."*

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14% 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% and 0.04% 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% for plan members and 14% 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 $9,896, $10,770 and $8,804, respectively; 24.79% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

State Teachers Retirement System - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement 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 website at 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% 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.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were $103,038, $82,314 and $82,302, respectively; 92.61% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were $1,443 made by the School and $1,031 made by the plan members.

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% of wages paid.

NOTE 8 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System - 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's 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's Ohio website, www.ohsers.org, under *"Media/Financial Reports."*

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

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% 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% 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% 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.

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were $2,328, $438 and $351, respectively; 24.79% has been contributed for fiscal year 2011 and 100% for fiscal years 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% of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010 and 2009 were $637, $724 and $580, respectively; 24.79% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

State Teachers Retirement System - 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, 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% 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 $7,926, $6,275 and $5,879, respectively; 92.61% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

## NOTE 9 - OTHER EMPLOYEE BENEFITS

Compensated Absences - The criteria for determining vacation and sick leave components are derived from School policy and state laws. All employees are at-will employees and do not have contracts as employees in traditional school districts. Salaried employees accrue sick time of 15 days per calendar year. Hourly rate employees do not accrue leave and are paid based upon hours worked only. Upon separation of service, sick and vacation time is not paid.

## NOTE 10 - CONTINGENCIES

Grants - The School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. 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.

## NOTE 11 - PURCHASED SERVICES

Purchased services for the fiscal years ended June 30 were as follows:

| | 2011 | 2010 |
|---|---|---|
| Service agreement fees | $ 176,147 | $ 160,223 |
| Audit fees | 9,500 | 9,000 |
| Sponsorship fee | 13,040 | 10,663 |
| Data center | 12,444 | 12,385 |
| Building lease | 30,600 | 30,600 |
| | $ 241,731 | $ 222,871 |

## NOTE 12 - FULL-TIME EQUIVALENCY

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 that the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of the fiscal year ended June 30, 2011 reconciliation, it was determined that the School received underpayments for 2011 of approximately $15,900, which is recorded as a receivable. The amount of the underpayment is included with subsequent state foundation payments.

# SUPPLEMENTARY FINANCIAL INFORMATION

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

Board of Governors
Crittenton Community School
Franklin County
1418 East Broad Street
Columbus, Ohio 43205

We have audited the accompanying basic financial statements of Crittenton Community School (the School), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 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**

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not 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 a 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 to be material weaknesses, as defined above.

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**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 are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Governors, the State of Ohio, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
December 21, 2011

SCHNEIDER DOWNS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Board of Governors
Crittenton Community School
Franklin County
1418 East Broad Street
Columbus, Ohio 43205

**Compliance**

We have audited the Crittenton Community School's (the School) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2011. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

As described in item 11-1 in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding special tests and provisions that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School to comply with the requirements applicable to that program.

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In our opinion, except for the noncompliance described in the preceding paragraph, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control over Compliance**

Management of the School 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-1 to be a significant deficiency.

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the management, the Board of Governors, the State of Ohio, and federal awarding and pass through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
December 21, 2011

CRITTENTON COMMUNITY SCHOOL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

| FEDERAL GRANTOR<br>*Pass Through Grantor*<br>Program or Cluster Title | | Federal CFDA Number | Federal Expenditures |
|---|---|---|---|
| U.S. DEPARTMENT OF EDUCATION | | | |
| *Passed Through Ohio Department of Education* | | | |
| Title I | (a) | 84.010 | $ 66,773 |
| Special Education | (b) | 84.027 | 18,933 |
| Twenty-First Century Community Learning Centers | | 84.287 | 192,539 |
| Educational Technology | | 84.318 | 274 |
| Improving Teacher Quality | | 84.367 | 2,858 |
| School Improvement, Recovery Act | | 84.388 | 248,347 |
| Title I, Recovery Act | (a) | 84.389 | 15,311 |
| Special Education, Recovery Act | (b) | 84.391 | 785 |
| State Fiscal Stabilization Fund, Recovery Act | | 84.394 | 53,732 |
| State Fiscal Stabilization Fund, Race-to-the-Top, Recovery Act | | 84.395 | 2,468 |
| Total Federal Awards Expended | | | $ 602,020 |

(a) Title I, Part A Cluster
(b) Special Education Cluster (IDEA)

CRITTENTON COMMUNITY SCHOOL

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant transactions of the Crittenton Community School recorded on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

CRITTENTON COMMUNITY SCHOOL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

| | |
|---|---|
| Financial Statements Section: | |
| Type of auditors' report issued: | Unqualified |
| Internal Control Over Financial Reporting: | |
| Material weaknesses identified? | None Reported |
| Significant deficiencies identified that are not considered to be material weakness | No |
| Noncompliance material to financial statements noted | No |
| | |
| Federal Awards Section: | |
| Internal Control Over Major Program: | |
| Material weaknesses identified | No |
| Significant deficiencies identified that are not considered to be material weakness | Yes |
| Type of auditors' report issued on compliance for major programs | Unqualified |
| Audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133? | Yes |

**Identification of Major Programs:**

| CFDA NUMBER | FEDERAL PROGRAM TITLE |
|---|---|
| 84.010 and 84.389 | Title I, Part A Cluster |
| 84.388 | School Improvement Grants, Recovery Act |

| | |
|---|---|
| Dollar threshold to determine Type A programs: | $300,000 |
| Auditee qualified as a low-risk auditee | No |

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**U.S. DEPARTMENT OF EDUCATION**
**FINDING #11-1**
**Title I Program – Ohio Department of Education (ODE)**
**CFDA #84.010 and 84.389**

*Criteria:* Under Title I requirements, a local education agency (LEA) must ensure that all teachers hired after the first day of the 2002-2003 school year who teach core academic subjects in a program supported with funds under Title I are highly qualified to teach those subjects as defined in 34 CFR Sections 200.55 and 200.56. Additionally, by the end of the 2005-2006 school year, the LEA needed to ensure that all teachers of core academic subjects were highly qualified.

*Condition:* During our audit, we noted that Crittenton Community School (CCS) is not in compliance with the Title I Highly Qualified Teacher (HQT) requirement, since not all teachers are considered highly qualified as defined in 34 CFR Sections 200.55 and 200.56.

*Questioned Costs:* None.

*Effect:* Crittenton Community School (the School) is not in compliance with the requirement mentioned above, since not all core subjects were being taught by HQTs.

*Cause:* The School did not have a procedure in place to ensure that all teachers/tutors are highly qualified in the core subjects they are teaching.

*Recommendation:* The School should develop procedures to ensure that newly hired teachers, teachers new to the building, or teachers in a new teaching assignment are highly qualified teachers in that core subject. Procedures should ensure that newly hired teachers, teachers new to the building, or teachers in a new teaching assignment complete or provide copies of the appropriate highly qualified teacher worksheet forms for their current teaching assignment. The School should also develop and implement individualized plans for teachers who are not highly qualified.

*Views of responsible officials and planned corrective actions:* The School will work with a representative from ODE office of Educator Equity and an ODE CCIP Consultant, in order to strengthen the School's planning and commitment in working to have each and every one of the School's faculty working toward HQT status.

Any newly hired teachers will be HQT or will be able to successfully reach HQT status within 3 years with a local professional development committee (LPDC) approved Individual Professional Development Plan. The LPDC will be responsible for approving, monitoring and evaluating the plan on a bi-annual basis.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

The School will provide planning and funding for faculty to take class work, gain teaching experience, and gain credit in working toward HQT status. This will be accomplished through our new teacher evaluation system, which is an adoption of the Ohio Teacher Evaluation Model. Faculty members will develop a one-to-three-year plan that will result in attainment of HQT status. This will be approved, monitored and evaluated by our LPDC on a semi-annual basis. The LPDC will devote at least 2 meetings per year to review and make sure faculty members are complying with stated goals and objectives in their progress toward HQT status.

All faculty members, newly hired or existing, who are not making progress will be given an opportunity to work directly with LPDC members (recognition/recommendation date) to bring themselves into alignment with their stated goals. If they fail to align within a 6-month period beginning with the LPDC recognition/recommendation date, the faculty member will be terminated.

The School has begun its academic, teaching and assessment planning for the 2011-12 school year. Those plans include an increase in team teaching, in order for teachers to increase lesson planning and delivery in their core course areas of expertise and certification.

Faculty members will have access to internal and external continuing education credits and on-line coursework through accredited colleges, universities and media outlets that offer the same. Faculty may petition the LPDC to pay part or all of the cost associated with the training/coursework. Funding will be assigned based on equal sharing of funding available for the school year, July 1 through June 30. The funding can be assigned from several sources included professional development funds through Title 1, Title II-A, Part B-IDEA, School Improvement Grants Sub A and G, 21st Century Grant, and/or donations and fundraising.

The School will begin movement of teachers into team teaching in order for faculty to teach in at least one of their areas of licensure/certification. For example, teacher A will teach Math/Science, since Math is his/her area of licensure, while Teacher B will teach Reading/Social Studies, since his/her licensure is in Reading and Language Arts. Each teacher will file a plan with the LPDC in order to begin work on the area he/she is not licensed in but teaching.

Since the School has a School Improvement Grant, the School has entered all of its teachers of record into the Battelle for Kids student –linkage report on the value-added website. The School will update that report when student and teacher assignments are made this August. This will increase the number of HQT teachers we will report in EMIS. As teachers fulfill their IPDP in achieving certifications, the School will see the number of HGT taught subjects increase.

The School will again contract with an ODE-approved resident educator mentor for the 2011-12 school year. The resident educator mentor will work with all teachers who will begin the 4-year Ohio resident educator program.

CRITTENTON COMMUNITY SCHOOL
Columbus, Ohio

Independent Accountants' Report on Applying Agreed-Upon Procedure

For the year ended June 30, 2011

SCHNEIDER DOWNS

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December 21, 2011

Board of Governors
Crittenton Community School
1418 East Broad Street
Columbus, Ohio 43205

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 Crittenton Community 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. The agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. 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. Procedure:

Verify the School incorporated dating violence into its existing policy prohibiting student harassment, intimidation, or bullying.

Result:

We noted the Board amended its anti-harassment policy at its meeting on December 2, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying. Ohio Rev. Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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.

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This report is intended solely for the information and use of the specified users listed above, and is not intended to be and should not be used by anyone other than those specified parties.

Schneider Downs & Co., Inc.

Columbus, Ohio
December 21, 2011

Dave Yost • Auditor of State

**CRITTENTON COMMUNITY SCHOOL**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**MARCH 8, 2012**

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