



**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2012



Dave Yost • Auditor of State

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Gahanna Community School
Franklin County
140 South Hamilton Road
Gahanna, Ohio 43230

To the Board of Directors:

We have audited the accompanying basic financial statements of the Gahanna Community School, Franklin County (the School), a component unit of Gahanna-Jefferson Public School District, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions 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 financial statements referred to above present fairly, in all material respects, the respective financial position of Gahanna Community School, Franklin County, Ohio as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 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.

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

Dave Yost
Auditor of State

December 11, 2012

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

As management of the Gahanna Community School (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2012. We encourage readers to 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 fiscal year 2012 are as follows:

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$264,219 (net assets).
- Of this amount, \$201,818 (unrestricted net assets) may be used to meet the School's ongoing obligations to citizens and creditors.

Using this Financial Report

This report consists of three parts, the Management's Discussion and Analysis, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

One of the most important questions asked about the School's finances is, "Is the School better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the School's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as State revenue, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the School.

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

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

Table 1 below provides a summary of the School's assets, liabilities and net assets for fiscal year 2012 compared to the prior year.

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 303,554	\$ 263,972
Non-current Assets, net	<u>48,555</u>	<u>91,886</u>
Total Assets	<u>352,109</u>	<u>355,858</u>
Current Liabilities	<u>87,890</u>	<u>51,146</u>
Total Liabilities	<u>87,890</u>	<u>51,146</u>
Net Assets		
Invested in Capital Assets	48,555	91,886
Restricted	13,846	12,938
Unrestricted	<u>201,818</u>	<u>199,888</u>
Total Net Assets	<u>\$ 264,219</u>	<u>\$ 304,712</u>

Total Assets decreased \$3,749, or approximately 1.05%, during the fiscal year. This decrease is primarily the result of a decrease in federal and state grants. Additionally, depreciation on the School's capital assets continues to outpace any capital asset additions causing a decrease in Noncurrent Assets, net.

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

The table below shows the changes in net assets for fiscal year 2012 compared to the prior year:

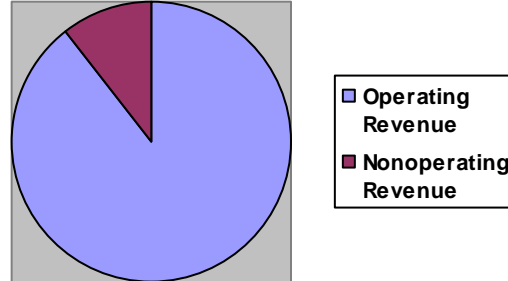
**Table 2
Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Foundation Revenues	\$ 624,628	\$ 566,993
Instructional Fees	1,845	1,120
Miscellaneous	-	809
Nonoperating Revenues:		
Donations	1,969	6,741
State Grants	-	3,000
Federal Grants	70,846	274,420
Interest Earnings	<u>119</u>	<u>115</u>
 Total Revenues	 699,407	 853,198
Operating Expenses:		
Purchased Services	643,747	613,172
Supplies and Materials	41,788	84,304
Depreciation	44,250	41,110
Other	<u>10,115</u>	<u>2,219</u>
Total Operating Expenses	<u>739,900</u>	<u>740,805</u>
 Change in Net Assets	 (40,493)	 112,393
 Net Assets, Beginning of Year	 <u>304,712</u>	 <u>192,319</u>
Net Assets, End of the Year	<u><u>\$ 264,219</u></u>	<u><u>\$ 304,712</u></u>

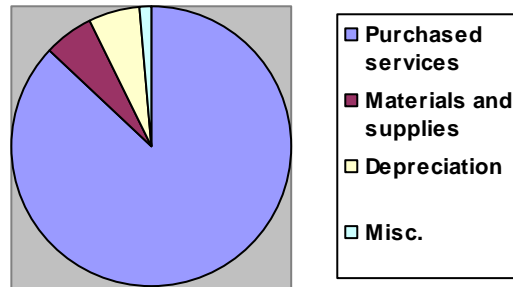
Total Revenues decreased \$153,791, or approximately 18%, during the fiscal year. This decrease is primarily related to the decrease in grant funding due to fiscal year 2011 being the final year for the School's Public Charter School and ARRA – Education Stabilization Fund federal grants. This is offset by an increase in foundation revenues as a result of increased enrollment.

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)**

The chart below illustrates the revenues for the School during fiscal 2012.



The chart below illustrates the expenses for the School during fiscal 2012.



Capital Assets

At June 30, 2012, the School had \$48,555 invested in equipment, a \$43,331 decrease in comparison with the prior year. This decrease represents the amount in which current year depreciation of \$44,250 exceeded capital asset additions of \$919. See Note 4 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The School is sponsored by the Gahanna-Jefferson Public School. The School is reliant upon State and Federal Foundation monies to offer quality educational services to students. 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 other 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 Julio Valladares, Treasurer of Gahanna-Jefferson Public Schools, 160 S. Hamilton Road Gahanna, Ohio 43230.

GAHANNA COMMUNITY SCHOOL
(A COMPONENT UNIT OF GAHANNA JEFFERSON CITY SCHOOL DISTRICT)
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

Assets

Current Assets

Cash and Cash Equivalents	\$ 291,797
Intergovernmental Receivable	11,757

Non-current Assets

Depreciable Capital Assets, Net	48,555
Total Assets	352,109

Liabilities

Current Liabilities

Accounts Payable	87,890
Total Liabilities	87,890

Net Assets

Invested in Capital Assets	48,555
Restricted for:	
Federal Grant Programs	6,136
Scholarships	7,710
Unrestricted	201,818
Total Net Assets	\$ 264,219

See accompanying notes to the basic financial statements.

GAHANNA COMMUNITY SCHOOL
(A COMPONENT UNIT OF GAHANNA JEFFERSON CITY SCHOOL DISTRICT)
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenues:	
Foundation Revenues	\$ 624,628
Instructional Fees	1,845
Total Operating Revenues	<u>626,473</u>
Operating Expenses:	
Purchased Services	643,747
Supplies and Materials	41,788
Depreciation	44,250
Miscellaneous	10,115
Total Operating Expenses	<u>739,900</u>
Operating Income/(Loss)	<u>(113,427)</u>
Non-Operating Revenues:	
Donations	1,969
Federal Subsidies	70,846
Interest Earnings	119
Total Non-Operating Revenues	<u>72,934</u>
Change in Net Assets	(40,493)
Net Assets at Beginning of Year	<u>304,712</u>
Net Assets at End of Year	<u>\$ 264,219</u>

See accompanying notes to the basic financial statements.

GAHANNA COMMUNITY SCHOOL
(A COMPONENT UNIT OF GAHANNA JEFFERSON CITY SCHOOL DISTRICT)
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows From Operating Activities	
Cash Received from Instructional Fees	\$ 1,845
Cash Received from Foundation Payments	624,628
Cash Payments for Contract Services	(638,107)
Cash Payments for Supplies and Materials	(10,668)
Cash Payments for Miscellaneous	(10,115)
Net Cash Used by Operating Activities	<u>(32,417)</u>
 Cash Flows From Noncapital Financing Activities	
Cash from Federal and State Subsidies	69,629
Cash received from Donations	1,969
Net Cash Provided by Noncapital Financing Activities	<u>71,598</u>
 Cash Flows From Capital and Related Financing Activities	
Payments for Capital Acquisitions	(919)
Net Cash Used by Capital and Related Financing Activities	<u>(919)</u>
 Cash Flows From Investing Activities	
Interest Received	119
Net Cash Provided by Investing Activities	<u>119</u>
 Net Increase in Cash and Cash Equivalents	 38,381
 Cash and Cash Equivalents at Beginning of Year	 <u>253,416</u>
Cash and Cash Equivalents at End of Year	<u>\$ 291,797</u>

See accompanying notes to the basic financial statements.

**GAHANNA COMMUNITY SCHOOL
(A COMPONENT UNIT OF GAHANNA JEFFERSON CITY SCHOOL DISTRICT)
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Reconciliation of Operating Income/(Loss) to Net Cash
Used by Operating Activities:**

Operating Income/(Loss)	\$ (113,427)
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**Adjustments to Reconcile Operating Income (Loss)
to Net Cash Used by Operating Activities:**

Add Depreciation Expense	44,250
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Change in Assets and Liabilities	
Increase in Accounts Payable	<u>36,760</u>

Total Adjustments	<u>81,010</u>
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Net Cash Used by Operating Activities	<u><u>\$ (32,417)</u></u>
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See accompanying notes to the basic financial statements.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 – DESCRIPTION OF THE SCHOOL

The Gahanna Community School (the “School”) is a nonprofit corporation established in fiscal year 2009, pursuant to Ohio Revised Code Chapter 3314.07. 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 specializes in providing educational services to chosen students through unique learning methods like web-based learning, community service, independent study and internships. The School, which is part of the state’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations.

The School is a discretely presented component unit of the Gahanna-Jefferson Public School District (Sponsor). The School was approved under contract with the Gahanna-Jefferson Public School for a period of three years commencing August 27, 2008. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration.

The School operates under the direction of a self-appointed five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The School contracts with its sponsor for 6 non-certified staff members and 8 certificated teaching personnel who provide services to 111 students.

The State Board of Education issued the School a certificate of commendation in recognition of exceptional effort and success in advancing to the designation of Effective on the local report card for the 2010-11 school year.

On July 1, 2009, the School changed its name from Gahanna Alternative Community School to Gahanna Community School.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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 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) Statements and Interpretations issued on or before November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The School has the option to also apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The School has elected not to apply these FASB Interpretations. The School has significant accounting policies are described below.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

The School uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows.

B. Measurement Focus and Basis of Accounting

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how the School finances meet its cash flow needs.

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 non-exchange 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 resourced 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

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code (ORC) Section 5705, except House Bill 364, which took effect April 8, 2003, added ORC Section 3314.03 (11)(d), which states that community schools must comply with ORC Section 5705.391. This requires each community school to submit to the Ohio Department of Education (ODE) a five year forecast no later than May 31 and October 31 of each year.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows and for presentation on the balance sheet, investments with a maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. Capital Assets and Depreciation

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The School has maintained a capitalization threshold of \$500. The School does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expended when incurred.

All capital assets above the threshold are depreciated and depreciation is computed using the straight-line method. A half year of depreciation is taken in the fiscal year of the addition and the fiscal year of disposal. Computers are depreciated over 3 years, and furniture and equipment are depreciated over 10 years.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

H. 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.

I. Intergovernmental Revenue

The School currently participates in the State Foundation Program through the Ohio Department of Education. Revenue from this program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met, essentially the same as the period received.

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.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

J. Estimates

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

NOTE 3 - DEPOSITS

At fiscal year-end, the carrying amount of the School's deposits was \$291,797 and the bank balance was \$293,396. Of the District's bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), while the remaining \$43,396 was exposed to custodial risk. There are no significant statutory restrictions regarding the deposit and investments of funds by the School.

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

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Cost:				
Equipment	\$ 155,392	\$ 919	\$ -	\$ 156,311
Total	<u>155,392</u>	<u>919</u>	<u>-</u>	<u>156,311</u>
Accumulated Depreciation:				
Equipment	(63,506)	(44,250)	-	(107,756)
Total	<u>(63,506)</u>	<u>(44,250)</u>	<u>-</u>	<u>(107,756)</u>
Capital Assets, net	<u>\$ 91,886</u>	<u>\$ (43,331)</u>	<u>\$ -</u>	<u>\$ 48,555</u>

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 5 – 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. During fiscal year 2012, the School was covered under the Sponsor’s policy.

NOTE 6 – PURCHASED SERVICES

For the fiscal year ended June 30, 2012, purchased services expenses were as follows:

Instructional Services	\$ 589,473
Rentals	6,930
Fiscal	14,968
Utilities	31,812
Other Purchased Services	<u>564</u>
Total Purchased Services	<u>\$ 643,747</u>

NOTE 7 – CONTINGENCIES

A. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall position of the School at fiscal year-end.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state funding is calculated. The conclusions of this review could result in state funding being adjusted. The School does not anticipate any material adjustment for fiscal year 2012 as a result of such review.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 7 – CONTINGENCIES – (continued)

C. Student Attendance Data Review

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2012, if applicable, cannot be determined at this time.

NOTE 8 – SPONSORSHIP

The School is a discretely presented component unit of the Gahanna-Jefferson Public School District. As described in Note 1, the Gahanna-Jefferson Public School District (Sponsor) is the School Sponsor. The Sponsor and School entered into a five-year sponsorship agreement commencing July 1, 2008 whereby terms of the sponsorship were established.

In fiscal year 2012, payments made by the School to the Sponsor totaled \$595,242, which are reported in purchased services. This represents contract service payments for teaching, utilities, materials and supplies, and other related services provided by the Sponsor.

NOTE 9 – OPERATING LEASE

At the end of fiscal year 2011, the school moved its location back to the main high school building and returned the leased modular units. The school paid the final lease payment of \$1,050 and return expenses of \$5,880 in fiscal year 2012. There are no future obligations related to the lease.



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*

Gahanna Community School
Franklin County
140 South Hamilton Road
Gahanna, Ohio 43230

To the Board of Education:

We have audited the accompanying basic financial statements of the Gahanna Community School, Franklin County, Ohio (the School), a component unit of the Gahanna-Jefferson Public School District, as of and for the year ended June 30, 2012, as listed in the table of contents, and have issued our report thereon dated December 11, 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, Board of Directors, the Community School's sponsor, 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

December 11, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Gahanna Community School
Franklin County
140 South Hamilton Road
Gahanna, Ohio 43230

To the Board of Directors:

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 Gahanna 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. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the School amended its anti-harassment policy at its meeting on June 14, 2012 to include a requirement that the district administration semiannual provide the president of the district board a written summary of all reported incidents and post the summary on its website, if the district has a website, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board and 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

December 11, 2012

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Dave Yost • Auditor of State

GAHANNA 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
JANUARY 22, 2013