



Dave Yost • Auditor of State

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Gahanna Community School, Franklin County, Ohio (the School), a component unit of Gahanna-Jefferson Public School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gahanna Community School, Franklin County, Ohio as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 10 to the financial statements, the Net Position at July 1, 2012 has been restated to correct an error from a prior period. Also, as discussed in Note 9 of the financial statements, the School formally ceased operations on June 30, 2013. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 20, 2013

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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, 2013. 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 2013 are as follows:

- The School opted to close it's doors as of June 30, 2013.
- Net position decreased by \$314,934 due to the closure of the School.

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 Position, a Statement of Revenues, Expenses and Changes in Net Position, 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 Position and the Statement of Revenues, Expenses and Changes in Net Position 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 position and changes in net position. The change in net position 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, 2013
(UNAUDITED)**

Table 1 below provides a summary of the School's assets, liabilities and net position for fiscal year 2013 compared to the prior year.

	2013	2012
Current Assets	\$ 3,505	\$ 354,269
Non-current Assets, net	-	48,555
Total Assets	3,505	402,824
Current Liabilities	3,505	87,890
Total Liabilities	3,505	87,890
Net Position		
Net Investment in Capital Assets	-	48,555
Restricted	-	13,846
Unrestricted	-	252,533
Total Net Position	\$ -	\$ 314,934

Total Assets decreased \$314,934, or 100%, during the fiscal year. This decrease is the result of the School Board's decision to close the School and integrate the program within the Sponsor Activities.

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The table below shows the changes in net position for fiscal year 2013 compared to the prior year:

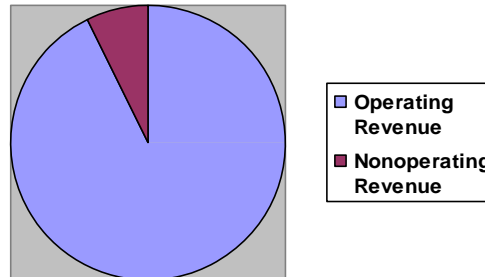
**Table 2
Changes in Net Position**

	2013	2012
Operating Revenues:		
Foundation Revenues	\$ 660,254	\$ 675,343
Instructional Fees	1,631	1,845
Miscellaneous	24	-
Non-Operating Revenues:		
Donations	3,100	1,969
State Grants	2,155	-
Federal Grants	46,383	70,846
Interest Earnings	56	119
Total Revenues	713,603	750,122
Operating Expenses:		
Purchased Services	655,782	643,747
Supplies and Materials	2,362	41,788
Depreciation	21,599	44,250
Other	8,111	10,115
Non-Operating Expenses		
Loss on Sale of Assets	7,056	-
Dissolution of School	333,627	-
Total Expenses	1,028,537	739,900
Change in Net Position	(314,934)	10,222
Net Position, Beginning of Year	314,934	304,712
Net Position, End of the Year	\$ -	\$ 314,934

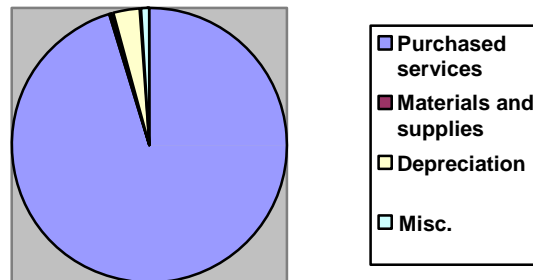
The significant decrease in federal grants is the result of one-time Education Jobs funding received in fiscal year 2012. The Dissolution of School non-operating expense represents unspent funds being returned to the Ohio Department of Education, in accordance with the Community School Closing Procedures.

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The chart below illustrates the revenues for the School during fiscal 2013.



The chart below illustrates the operating expenses for the School during fiscal 2013.



Capital Assets

During the fiscal year, the School had \$7,100 in capital asset additions, which were offset by \$21,599 in depreciation. Toward the end of the fiscal year, the School disposed of all assets in conjunction with plans to transfer operations to the Gahanna Jefferson Public School District. See Note 4 to the basic financial statements for more detail on capital assets.

Transfer of Operations

On April 10, 2013, the School Board of Directors passed a resolution to close the School and transfer operations to the Gahanna Jefferson Public School District, effective July 1, 2013, to gain efficiencies. During the fiscal year, in accordance with the Ohio Department of Education's community school closing procedures, the School forwarded unspent state and federal funds to ODE.

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 POSITION
AS OF JUNE 30, 2013**

Assets	
Current Assets	
Intergovernmental Receivable	\$ 3,505
Total Assets	<u>3,505</u>
Liabilities	
Current Liabilities	
Intergovernmental Payable	<u>3,505</u>
Total Liabilities	<u>3,505</u>
Net Position	
Unrestricted	<u>-</u>
Total Net Position	<u><u>\$ -</u></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 REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating Revenues:	
Foundation Revenues	\$ 660,254
Instructional Fees	1,631
Miscellaneous	24
Total Operating Revenues	<u>661,909</u>
Operating Expenses:	
Purchased Services	655,782
Supplies and Materials	2,362
Depreciation	21,599
Miscellaneous	8,111
Total Operating Expenses	<u>687,854</u>
Operating Income/(Loss)	<u>(25,945)</u>
Non-Operating Revenues (Expenses):	
Donations	3,100
Loss on Disposal of Assets	(7,056)
State Subsidies	2,155
Federal Subsidies	46,383
Interest Earnings	56
Dissolution of School	(333,627)
Total Non-Operating Revenues (Expenses)	<u>(288,989)</u>
Change in Net Position	(314,934)
Net Position at Beginning of Year, Restated	314,934
Net Position at End of Year	<u>\$ -</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, 2013**

Cash Flows From Operating Activities	
Cash Received from Instructional Fees	\$ 1,631
Cash Received from Foundation Payments	710,969
Cash Received from Other	24
Cash Payments for Contract Services	(712,552)
Cash Payments for Supplies and Materials	(33,482)
Cash Payments for Miscellaneous	(8,111)
Net Cash Used for Operating Activities	(41,521)
Cash Flows From Noncapital Financing Activities	
Cash Received from Federal and State Subsidies	56,790
Cash Payments for Dissolution of School	(330,122)
Cash Received from Donations	3,100
Net Cash Used for Noncapital Financing Activities	(270,232)
Cash Flows From Capital and Related Financing Activities	
Cash Payments for Capital Acquisitions	(7,100)
Cash Received from Sale of Assets	27,000
Net Cash Provided by Capital and Related Financing Activities	<u>19,900</u>
Cash Flows From Investing Activities	
Cash received from Interest	<u>56</u>
Net Cash Provided by Investing Activities	<u>56</u>
Net Decrease in Cash and Cash Equivalents	(291,797)
Cash and Cash Equivalents at Beginning of Year	<u>291,797</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></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, 2013**

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

Operating Income/(Loss)	\$ (25,945)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:	
Add Depreciation Expense	21,599
Change in Assets and Liabilities	
(Increase)/Decrease in Intergovernmental Receivable	50,715
Increase/(Decrease) in Accounts Payable	(87,890)
Total Adjustments	<u>(15,576)</u>
Net Cash Used for Operating Activities	<u><u>\$ (41,521)</u></u>

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, 2013**

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 Sponsor and School entered into a five-year sponsorship agreement commencing July 1, 2008 whereby terms of the sponsorship were established. 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 contracted with its sponsor for 6 non-certified staff members and 9 certificated teaching personnel who provide services to 104 students.

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 has significant accounting policies are described below.

A. Basis of Presentation

The School’s basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, 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 position, 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows reflects how the School finances meet its cash flow needs.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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 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.

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.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

G. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, net of accumulated depreciation. Net position is 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 position is 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 ODE. 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. During the fiscal year, in accordance with ODE's community school closing procedures, the School forwarded unspent state foundation funds to ODE.

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.

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.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - DEPOSITS

At fiscal year-end, the carrying amount and bank balance of the School's deposits was \$0.

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 School.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Cost:				
Equipment	\$ 156,311	\$ 7,100	\$ (163,411)	\$ -
Total	156,311	7,100	(163,411)	-
Accumulated Depreciation:				
Equipment	(107,756)	(21,599)	129,355	-
Total	(107,756)	(21,599)	129,355	-
Capital Assets, net	<u>\$ 48,555</u>	<u>\$ (14,499)</u>	<u>\$ (34,056)</u>	<u>\$ -</u>

During the fiscal year, in conjunction with the decision to transfer operations to the Gahanna Jefferson Public School District (District), the School disposed of all capital assets. The School sold capital assets, having a book value of \$12,175, to the District and donated capital assets, having a book value of \$21,881, to other community schools.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013, the School was covered under the Sponsor’s policy.

NOTE 6 – PURCHASED SERVICES

For the fiscal year ended June 30, 2013, purchased services expenses were as follows:

Instructional Services	\$ 590,534
Fiscal	28,173
Accounting/Auditing	7,675
Utilities	27,700
Other Purchased Services	1,700
Total Purchased Services	<u>\$ 655,782</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

ODE conducts reviews of enrollment data and full time equivalency 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 2013 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, 2013**

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's Sponsor. The Sponsor and School entered into a five-year sponsorship agreement commencing July 1, 2008 whereby terms of the sponsorship were established.

During the fiscal year, payments made by the School to the Sponsor totaled \$610,145, 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 – TRANSFER OF OPERATIONS

On April 10, 2013, the School Board of Directors passed a resolution to close the School and transfer operations to the Sponsor, effective July 1, 2013, to gain efficiencies. During the fiscal year, in accordance with the Ohio Department of Education's community school closing procedures, the School forwarded unspent state and federal funds to ODE.

NOTE 10 – RESTATEMENT OF NET POSITION

Beginning balance adjustments were necessary to correct errors in accounting for intergovernmental receivables. The correction of this accounting error resulted in changes to beginning of year balances as detailed below:

Net Position at June 30, 2012	\$ 264,219
Unrecorded Intergovernmental Receivable	50,715
Net Position, Restated	<u>\$ 314,934</u>

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the School has implemented the following:

GASB Statement No. 61 "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34" improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The implementation of this statement is effective for financial statements for periods beginning after June 15, 2012.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11 – CHANGE IN ACCOUNTING PRINCIPLES - (continued)

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” incorporates certain accounting and financial reporting guidance issued on or before November 30, 1989, into the GASB’s authoritative literature that do not conflict with or contradict GASB pronouncements. The implementation of this statement did not have a significant effect on the financial statements of the School.

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. The implementation of this statement did have a significant effect on the financial statements of the School.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of 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, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 20, 2013, wherein we noted the School restated the July 1, 2012 net position to correct an error from a prior period and the School ceased operations on June 30, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

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, opining 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*.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 20, 2013

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2013**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2013-001

Financial Statement Adjustment - Material Weakness

Sound financial reporting is the responsibility of the Treasurer and the Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The School restated the net position at July 1, 2012 for an intergovernmental receivable in the amount of \$50,715 that should have been recorded in the previous year. While the School does have a process in place to review the compilation process, the controls failed to detect the intergovernmental receivable that should have been reported as of June 30, 2012. .

We recommend the Treasurer take steps to ensure the accurate presentation of the financial statements. Financial transactions should be posted in accordance with procedures established by generally accepted accounting principles (GAAP). By exercising accuracy in recording financial activity, the School can increase the reliability of the financial data at year-end.

The Treasurer should review the restatement identified above to ensure that similar errors are not reported in subsequent years. In addition, the Academy should revise its policies and procedures, to include a final review of the financial statements, including the notes to the financial statements to identify and correct errors and omissions.

Official's Response:

July 1, 2013, to gain efficiencies, the School transferred operations to the Sponsor. Therefore there was no need to implement the necessary internal accounting controls.

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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
FEBRUARY 11, 2014**