



**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 20, 2009



Mary Taylor, CPA
Auditor of State

**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Amanda Clearcreek Community School
Fairfield County
328 East Main Street
Amanda, Ohio 43102

To the Board of Directors:

We have audited the accompanying financial statement of the Amanda Clearcreek Community School, Fairfield County, Ohio, (the School) a component unit of the Amanda Clearcreek Local School District, as of and for the period July 1, 2009 to September 20, 2009. This financial statement is the responsibility of the School's management. Our responsibility is to express an opinion on this financial statement 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 that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-2-03 (B) requires the School to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statement and notes have been prepared on an accounting basis not in accordance with generally accepted accounting principles. The accompanying financial statement and notes omit entity wide statements, assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the accompanying financial statement does not present fairly the financial position, results of operations, and cash flows, where applicable, of the School as of and for the period July 1, 2009 to September 20, 2009 in accordance with accounting principles generally accepted in the United States of America.

The School has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

As more fully discussed in Note 9, the School's Board of Directors adopted a resolution to cease operations at its September 20, 2009 meeting.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2010, 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.

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Mary Taylor, CPA
Auditor of State

April 22, 2010

**AMANDA-CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE
FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 20, 2009**

Operating Cash Disbursements:

| | |
|------------------------|----------|
| Salaries | \$ 7,072 |
| Fringe Benefits | 2,021 |
| Purchased Services | 4,050 |
| Materials and Supplies | 158 |

Total Operating Cash Disbursements 13,301

Operating Loss (13,301)

Non-Operating Cash Receipts:

| | |
|-----------------|-------|
| Other | 6,375 |
| Interest Income | 4 |

Total Non-Operating Cash Receipts 6,379

Net Receipts (Under) Disbursements (6,922)

Fund Cash Balance, July 1 9,585

Fund Cash Balance, September 20 \$ 2,663

Outstanding Encumbrances \$ 500

See accompanying notes to the financial statement.

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**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 20, 2009**

1. Summary of Significant Accounting Policies

A. Description of the School

The Amanda-Clearcreek Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The School is a comprehensive educational program for students in Kindergarten who reside in the Amanda-Clearcreek Local School District and qualify for the program. This is provided at no cost to the student. The School is operated under the direction of school superintendent, J.B. Dick and school director, Steve Gahn, and is sponsored by the Amanda-Clearcreek Local School District. The School is staffed by 2 administrative, 3 classified and 2 certified employees providing education to 109 students.

The School was approved for operation under a contract between the Amanda-Clearcreek Local School District (the "Sponsor") dated March 20, 2004. Actual operations began during the fiscal year ended June 30, 2005.

B. Accounting Basis

The financial statement follows the cash accounting basis. The School recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

C. Fund Accounting

The School uses fund accounting to segregate cash that is restricted as to use. The School classifies its funds into the following type:

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

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 Chapter 5705, unless specifically provided in the Institute's contract with its Sponsor. The contract between the Institute and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5 year forecast which is to be updated on an annual basis.

**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 20, 2009
(Continued)**

2. Equity in Pooled Deposits

All monies received by the School are accounted for by the School's management. All cash received by the School is maintained in a separate bank account in the School's name.

| | |
|-----------------|-----------------------|
| | September 20, 2009 |
| Demand deposits | \$2,663 |
| Total deposits | \$2,663 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Risk Management

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 the period July 1, 2009 to September 20, 2009, the School contracted with a commercial carrier for public official bonds. Coverages provided are as follows:

| | | |
|------------------------|----------|--|
| Public Official Bonds: | | |
| Treasurer | \$20,000 | |
| Superintendent | 10,000 | |
| Assistant Treasurer | 10,000 | |
| Board Members | 5,000 | |
| | | |

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from fiscal year 2009.

For the period July 1, 2009 to September 20, 2009 the School participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 6). The intent of the Plan is to achieve the benefit of a reduced premium for the School by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 20, 2009
(Continued)**

4. Retirement Systems

The School's full-time employees belong to either State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS). STRS and SERS are cost-sharing, multiple employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For the period July 1, 2009 to September 20, 2009, SERS and STRS members contributed 10 percent of their wages and the School contributed an amount equal to 14 percent of participants' gross salaries. The School has paid all contributions required through September 20, 2009.

5. Jointly Governed Organization

Metropolitan Education Council (MEC)

Metropolitan Education Council is a jointly governed organization created as a regional council of governments pursuant to State statutes. MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent. The School does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the School.

6. Group Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Worker's Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

7. Related Party Transactions

During the period July 1, 2009 to September 20, 2009, the School's sponsor, the Amanda-Clearcreek Local School District, provided administrative services to the School.

8. Service Agreement

The contract between the School and the Amanda-Clearcreek Local School District states the School shall pay to Amanda-Clearcreek Local School District amounts that are mutually agreed including fees for any services provided to the School by Amanda-Clearcreek Local School District.

**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 20, 2009
(Continued)**

9. Ceased Operations

On September 20, 2009, the School's Board of Directors adopted a resolution to cease operations.

10. Subsequent Events

The School has followed the closing procedures prescribed by the Ohio Department of Education (ODE). These procedures included official notification to ODE, retirement systems, the students and the community of the School's decision to close, disposition of assets, and preparation of financial statements.

As of April 22, 2010 the School had a cash balance of \$2,269 and liabilities of \$1,750. Once all liabilities are liquidated any residual cash balance will be turned over to the School's sponsor, the Amanda Clearcreek Local School District.



Mary Taylor, CPA

Auditor of State

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

Amanda Clearcreek Community School
Fairfield County
328 East Main Street
Amanda, Ohio 43102

To the Board of Directors:

We have audited the financial statement of the Amanda Clearcreek Community School, Fairfield County, Ohio (the School), a component unit of the Amanda Clearcreek Local School District, as of and for the period July 1, 2009 to September 20, 2009, and have issued our report thereon dated April 22, 2010, wherein we noted the School did not follow accounting principles generally accepted in the United States of America, and also noted the School's Board of Directors adopted a resolution to cease operations effective September 20, 2009. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

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.

We intend this report solely for the information and use of management, the Board of Directors, and the Amanda Clearcreek Local School Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 22, 2010

**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
FOR THE PERIOD JULY 1, 2009 TO SEPTEMBER 20, 2009**

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

FINDING NUMBER 2010-001

GAAP Reporting

Ohio Rev. Code Section 3314.03(A) (8) requires that a community school file its financial reports in the same manner as school districts. Ohio Rev Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Revised Code 117.38

Ohio Administrative Code Section 117-2-03 (B) requires the School to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, for the period July 1, 2009 to September 20, 2009, the School did not report on a GAAP basis. Pursuant to Ohio Revised Code 117.38 the School may be fined and subject to various other administrative remedies for its failure to file the required financial report.

Officials' Response:

GAAP reporting was not feasible for this three month period. We feel that the GAAP report for the 2009 fiscal year covered going into the close down of this school.



Mary Taylor, CPA
Auditor of State

AMANDA CLEARCREEK COMMUNITY SCHOOL

FAIRFIELD 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
MAY 25, 2010**