



**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Mahoning Unlimited Classroom  
100 DeBartolo Place, Suite 170  
Youngstown, Ohio 44512

We have reviewed the *Independent Accountants' Report* of the Mahoning Unlimited Classroom, Mahoning County, prepared by Canter and Company, for the audit period July 1, 2008 through June 30, 2009. 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 Mahoning Unlimited Classroom is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 2, 2010

**This Page is Intentionally Left Blank.**

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
Management's Discussion and Analysis .....	3
Statement of Net Assets – June 30, 2009.....	7
Statement of Revenues, Expenses and Changes in Net Assets For the Fiscal Year Ended June 30, 2009 .....	8
Statement of Cash Flows – For the Fiscal Year Ended June 30, 2009 .....	9
Notes to the Basic Financial Statements.....	10
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	15
Independent Accountants' Report on Applying Agreed-Upon Procedures .....	17



20 E. McKinley Way, Suite 4  
Poland, Ohio 44514  
Ph: 330.707.9035  
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

---

## INDEPENDENT ACCOUNTANTS' REPORT

Mahoning Unlimited Classroom  
Mahoning County  
100 DeBartolo Place, Suite 170  
Youngstown, Ohio 44512

To the Governing Board:

We have audited the accompanying financial statements of Mahoning Unlimited Classroom, Mahoning County (the "School"), as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 *Government Auditing Standard*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mahoning Unlimited Classroom, Mahoning County, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof 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 February 9, 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. 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 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.

Mahoning Unlimited Classroom  
Mahoning County  
Independent Accountant's Report  
Page 2

The management's discussion and analysis on pages 3 through 6, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

CANTER & ASSOCIATES

A handwritten signature in blue ink that reads "Canter & Assoc." with a stylized flourish at the end.

Poland, Ohio

February 9, 2010

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The discussion and analysis of Mahoning Unlimited Classroom's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- In total, net assets were \$904,377 at June 30 2009.
- The School had operating revenues of \$1,323,790 and operating expenses of \$1,596,133 for fiscal year 2009. The School also received \$120,972 in federal and state grants and \$13,339 in interest income during fiscal year 2009. Total change in net assets for the fiscal year was a decrease of \$138,032.

**Using these Basic Financial Statements**

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

**Reporting the School Financial Activities**

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

These documents look at all financial transactions and asks the question, How did we do financially during 2009? The statement of net assets and statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. 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 is meeting the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The table below provides a summary of the School's net assets for fiscal years 2009 and 2008.

	<b>Net Assets</b>	
	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Current assets	\$ 767,696	\$ 822,099
Capital assets, net	<u>222,924</u>	<u>256,866</u>
Total assets	<u>990,620</u>	<u>1,078,965</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>86,243</u>	<u>36,556</u>
Total liabilities	<u>86,243</u>	<u>36,556</u>
<b><u>Net Assets</u></b>		
Invested in capital assets	222,924	256,866
Restricted	33,323	17,651
Unrestricted	<u>648,130</u>	<u>767,892</u>
Total net assets	<u>\$ 904,377</u>	<u>\$ 1,042,409</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the School's net assets totaled \$904,377.

At year-end, capital assets represented 22.50% of total assets, compared to 23.81% in 2008. Capital assets consisted of furniture and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

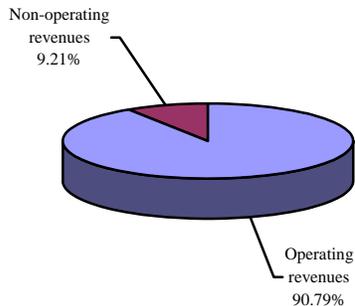
The table below shows the changes in net assets for fiscal years 2009 and 2008.

**Change in Net Assets**

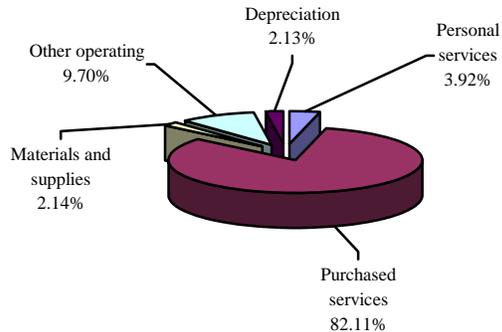
	2009	2008
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 1,272,725	\$ 1,778,152
Services provided to other entities	51,065	6,375
Total operating revenue	1,323,790	1,784,527
<b><u>Operating Expenses:</u></b>		
Personal services	62,615	88,665
Purchased services	1,310,592	1,562,838
Materials and supplies	34,203	52,544
Other	154,781	207,896
Depreciation	33,942	33,346
Total operating expenses	1,596,133	1,945,289
<b><u>Non-operating revenues:</u></b>		
Federal and state grants	120,972	115,251
Interest income	13,339	21,357
Total non-operating revenues	134,311	136,608
Change in net assets	(138,032)	(24,154)
Net assets at beginning of year	1,042,409	1,066,563
Net assets at end of year	\$ 904,377	\$ 1,042,409

The charts below illustrate the revenues and expenses for the School during fiscal 2009 and 2008.

**2009 Revenues**

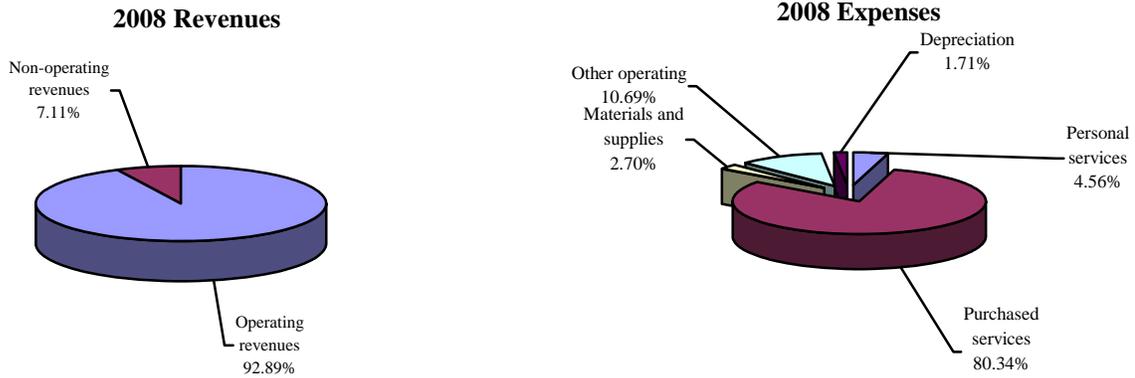


**2009 Expenses**



**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**



***Capital Assets***

At June 30, 2009, the School had \$222,924 invested in furniture and equipment. See Note 4 to the basic financial statements for more detail on capital assets.

**Current Financial Related Activities**

The School relies on the State Foundation Funds as well as State and Federal Sub-Grants to provide the monies necessary to operate the electronic conversion school.

In conclusion, the School has committed itself to providing online educational opportunities to students. Management will aggressively pursue adequate funding to secure the financial stability of the School.

**Contacting the School's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Cynthia Lengyel, Treasurer, Mahoning Unlimited Classroom, 100 DeBartolo Place, Suite 170, Youngstown, Ohio 44512-7019.

**BASIC  
FINANCIAL STATEMENTS**

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2009

<b>Assets:</b>	
Current assets:	
Cash and cash equivalents . . . . .	\$ 732,760
Receivable:	
Intergovernmental . . . . .	34,936
Total current assets . . . . .	<u>767,696</u>
Non-current assets:	
Capital assets, net. . . . .	<u>222,924</u>
Total assets . . . . .	<u>990,620</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable . . . . .	73,076
Intergovernmental payable . . . . .	<u>13,167</u>
Total liabilities . . . . .	<u>86,243</u>
<b>Net Assets:</b>	
Invested in capital assets . . . . .	222,924
Restricted for:	
State funded programs. . . . .	2,000
Federally funded programs. . . . .	31,323
Unrestricted . . . . .	<u>648,130</u>
Total net assets . . . . .	<u>\$ 904,377</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Operating revenues:</b>	
State foundation . . . . .	\$ 1,272,725
Services provided to other entities . . . . .	51,065
Total operating revenues . . . . .	<u>1,323,790</u>
 <b>Operating expenses:</b>	
Personal services . . . . .	62,615
Purchased services . . . . .	1,310,592
Materials and supplies . . . . .	34,203
Other operating expenses . . . . .	154,781
Depreciation . . . . .	33,942
Total operating expenses . . . . .	<u>1,596,133</u>
 Operating loss . . . . .	 <u>(272,343)</u>
 <b>Non-operating revenues:</b>	
Federal and state grants . . . . .	120,972
Interest income . . . . .	13,339
Total non-operating revenues . . . . .	<u>134,311</u>
 Change in net assets . . . . .	 (138,032)
 <b>Net assets at beginning of year . . . . .</b>	 <u>1,042,409</u>
<b>Net assets at end of year . . . . .</b>	<b><u><u>\$ 904,377</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Cash flows from operating activities:</b>		
Cash received from State foundation . . . . .	\$	1,247,096
Cash received from services provided to other entities . . . . .		51,265
Cash payments for personal services . . . . .		(68,628)
Cash payments to suppliers for goods and services. . . . .		(1,229,476)
Cash payments for materials and supplies . . . . .		(34,067)
Cash payments for other expenses . . . . .		(154,704)
		<hr/>
Net cash used in operating activities . . . . .		(188,514)
		<hr/>
<b>Cash flows from noncapital financing activities:</b>		
Federal and state grants. . . . .		106,804
		<hr/>
Net cash provided by noncapital financing activities . . . . .		106,804
		<hr/>
<b>Cash flows from investing activities:</b>		
Interest received . . . . .		13,339
		<hr/>
Net cash provided by investing activities . . . . .		13,339
		<hr/>
Net decrease in cash and cash equivalents. . . . .		(68,371)
		<hr/>
<b>Cash and cash equivalents at beginning of year . . . . .</b>		<b>801,131</b>
<b>Cash and cash equivalents at end of year. . . . .</b>	<b>\$</b>	<b>732,760</b>
		<hr/> <hr/>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss . . . . .	\$	(272,343)
Adjustments:		
Depreciation . . . . .		33,942
Changes in assets and liabilities:		
Decrease in intergovernmental receivable . . . . .		200
Increase in accounts payable . . . . .		69,008
Decrease in pension obligation payable . . . . .		(6,013)
Decrease in intergovernmental payable . . . . .		(13,308)
		<hr/>
Net cash used in operating activities . . . . .	\$	(188,514)
		<hr/> <hr/>

**Non-cash transactions:**  
Intergovernmental receivables overall increase of \$13,968 had two components; operating and non-operating. The cash flows reconciliation only provides a comparison for operating activities, therefore non-operating revenues are not considered in the reconciliation. A decrease of \$200 was accounted for in the operating revenues, while the remaining increase of \$14,168 was from state and federal grants and was accounted for under noncapital financing activities.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

Mahoning Unlimited Classroom (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's objective is to focus on providing students with curriculum and instruction via distance learning technology. The School is a public school that provides an alternative to the traditional educational setting. The School, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices and all other operations. The School may acquire facilities as needed and contract for any services necessary for the operation of the School.

The School is a legally separate, start-up community school, served by a Board of Directors. The School focuses on providing students with curriculum and instruction via distance learning technology. The seven person Board of Directors, appointed by the Mahoning County Educational Service Center (ESC), consists of three persons employed in administrator positions with the Mahoning County ESC, one person employed in an administrator position with the Mahoning County Career and Technical Center (MCCTC), one person who is neither an officer nor employee of the Mahoning County ESC or MCCTC who shall be a public educator or other public office, one person who is appointed to represent the interests of the parents and students of the School and the School's Treasurer. The School treasurer is a non-voting ex-officio of the Board of Directors.

The Mahoning County ESC sponsored the School during fiscal year 2009. Based on the significant influence the Board of Education of Mahoning County ESC has over the Board of Directors of the School, the School is a component unit of Mahoning County ESC.

The Area Cooperative Computerized Educational Service System (ACCESS), under a purchased services basis with the School, provides internet, e-mail and other services to the School (see Note 7). Personnel providing services to the School on behalf of the Mahoning County ESC are considered employees of the ESC and the ESC shall be solely responsible for all payroll functions. The School provides services to approximately 200 students.

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

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

**A. Basis of Presentation**

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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.

**B. Measurement Focus and Basis of Accounting**

Enterprise fund 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 Revenues, Expenses and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**C. 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 Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires the School to submit a financial plan detailing an estimated school budget for each fiscal year of the contract, or five years, whichever is less.

**D. Cash**

Cash received by the School is maintained in a demand deposit account.

**E. Capital Assets and Depreciation**

Capital assets are capitalized at cost or estimated historical cost and updated for additions and deletions during the year. The School maintains a capitalization threshold of \$1,000. The School does not have any infrastructure. 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.

All capital assets are depreciated. Depreciation is computed using the straight-line method. Equipment is depreciated over ten years.

**F. 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 either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**G. Intergovernmental Revenues**

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Other 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 when the resources are required to be used or the fiscal year when use is 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.

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate enrollment data to the State, upon which State Foundation funding is calculated. The conclusions of this review could result in state funding being adjusted.

**H. Estimates**

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

**I. Tax Exemption Status**

The School is a non-profit organization that, in the opinion of legal counsel, is exempt from federal income taxes due to the School qualifying as an integral part of the Mahoning ESC and the Mahoning County Career and Technical Center.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At June 30, 2009, the carrying amount of all School deposits was \$732,760. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$250,000 of the School's bank balance of \$748,592 was covered by the Federal Deposit Insurance Corporation, while \$498,592 was exposed to custodial risk as discussed below.

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.

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at <u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	Balance at <u>June 30, 2009</u>
Furniture and equipment	\$ 339,413	\$ -	\$ -	\$ 339,413
Less: accumulated depreciation	<u>(82,547)</u>	<u>(33,942)</u>	<u>-</u>	<u>(116,489)</u>
Capital assets, net	<u>\$ 256,866</u>	<u>\$ (33,942)</u>	<u>\$ -</u>	<u>\$ 222,924</u>

**NOTE 5 - 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 contracted personnel; and natural disasters. For fiscal year 2009, professional liability is provided through Mahoning County Educational Service Center's Indiana Insurance Plan with a \$3,000,000 annual aggregate/\$1,000,000 single occurrence limit and no deductible.

**NOTE 6 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2009, purchased service expenses were as follows:

Professional and technical services	\$ 1,240,153
Property services	37,257
Travel expenses	13,441
Communications	<u>19,741</u>
Total	<u>\$ 1,310,592</u>

**NOTE 7 - SERVICE AGREEMENTS**

**A. Area Cooperative Computerized Educational Service System (ACCESS)**

The School entered into a one-year agreement commencing on July 1, 2008 and ending June 30, 2009, with ACCESS for internet access, electronic mail, Ohio Uniform School Accounting System (USAS), the Uniform Staff Payroll System (USPS), Educational Management Information System (EMIS), Student Information System (SIS/POISE) to include student grade reporting, attendance and scheduling and INFOhio Automated library services. Separate and apart from this agreement, the School agrees to obtain at its own expense, the additional computer and electronic equipment necessary for receipt of these services at the School's facilities. The School paid ACCESS \$308.59 per month for services during fiscal year 2009.

**MAHONING UNLIMITED CLASSROOM  
MAHONING COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 7 - SERVICE AGREEMENTS - (Continued)**

**B. Mahoning County ESC**

The School had a service contract with Mahoning County ESC. This contract outlined the services that would be provided to the School. The School made payments of \$1,066,180 to the Mahoning County ESC for fiscal year 2009 fiscal, payroll, administrative, and teaching services.

**NOTE 8 - CONTINGENCY – GRANTS**

The School received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2009.

**NOTE 9 - ACCOUNTABILITY AND COMPLIANCE**

For fiscal year 2009, the School has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the School.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the School.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the School.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the School.



20 E. McKinley Way, Suite 4  
Poland, Ohio 44514  
Ph: 330.707.9035  
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

INDEPENDENT ACCOUNTANTS' 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*

Mahoning Unlimited Classroom  
Mahoning County  
100 DeBartolo Place, Suite 170  
Youngstown, Ohio 44512

We have audited the financial statements of Mahoning Unlimited Classroom, Mahoning County, (the "School") as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated February 9, 2010. 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 opinions 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 control deficiency 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 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 generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the School's financial statements that is more than inconsequential will not be prevented or detected by the School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School's internal control.

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 deficiencies in internal control that might be 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.

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 the audit committee, management, the Governing Board, and the Community School's sponsor and is not intended to be and should not be used by anyone other than these specified parties.

CANTER & ASSOCIATES

A handwritten signature in blue ink that reads "Canter & Assoc" with a stylized flourish at the end.

Poland, Ohio

February 9, 2010



20 E. McKinley Way, Suite 4  
Poland, Ohio 44514  
Ph: 330.707.9035  
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

WWW.CANTERCPA.NET

### **Independent Accountants' Report on Applying Agreed-Upon Procedures**

Mahoning Unlimited Classroom  
Mahoning County  
100 DeBartolo Place, Suite 170  
Youngstown, Ohio 44125

To the Governing Board:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Mahoning Unlimited Classroom, (the "School") has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on June 28, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, 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, have access to any written reports pertaining to the prohibited incident;
  - (6) A procedure for documenting any prohibited incident that is reported;
  - (7) A procedure for responding to and investigating any reported incident;
  - (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, 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 audit committee, management, the Governing Board, and the Community School's sponsor and is not intended to be and should not be used by anyone other than these specified parties.



**Canter & Associates**

February 9, 2010



**Mary Taylor, CPA**  
Auditor of State

**MAHONING UNLIMITED CLASSROOM**

**MAHONING 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  
APRIL 15, 2010**