



**WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets	7
Statement of Revenues, Expenses and Changes in Net Assets.....	8
Statement of Cash Flows	9
Notes to the Basic Financial Statements	10
Schedule of Federal Awards Receipts and Expenditures.....	17
Notes to the Schedule of Federal Awards Receipts and Expenditures	18
Independent Accountants' Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133	21
Schedule of Findings.....	23
Independent Accountants' Report on Applying Agreed-Upon Procedure	25

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wickliffe Progressive Community School
Franklin County
1950 N. Mallway Drive
Upper Arlington, Ohio 43221

To the Board of Directors:

We have audited the accompanying financial statements of Wickliffe Progressive Community School, Franklin County, Ohio (the School), a component unit of Upper Arlington City School District, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Wickliffe Progressive Community School, Franklin County, Ohio, as of June 30, 2011, and the 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 October 21, 2011, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The federal awards revenues and expenses schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards revenues and expenses schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We also applied additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

October 21, 2011

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the Wickliffe Progressive Community School (the "WPC School") financial performance provides an overall review of the WPC School financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the WPC School financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the WPC School's financial performance. 2011 was the fifth full year of operations with students.

FINANCIAL HIGHLIGHTS

- Net Assets decreased by \$22,867.
- Operating revenues accounted for \$2,813,349 in revenue or 81.0% of all revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of two parts – management's discussion and analysis and the basic financial statements. These statements are organized so the reader can understand the financial position of the WPC School. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. The Statement of Net Assets represents the basic statement of position for the WPC School. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (e.g., revenue) and decreases (e.g., expenses) in net total assets. The Statement of Cash Flows reflects how the WPC School finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

FINANCIAL ANALYSIS OF THE WPC SCHOOL AS A WHOLE

The following tables represent the WPC School's condensed financial information for 2011 and 2010 derived from the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

	Net Assets	
	2011	2010
Current and other assets	\$ 177,751	\$ 208,335
Capital assets, net	36,770	64,345
Total assets	214,521	272,680
Current liabilities	5,814	41,106
Total liabilities	5,814	41,106
Net assets		
Invested in capital assets	36,770	64,345
Unrestricted	171,937	167,229
Total net assets	\$ 208,707	\$ 231,574

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 and 2010:

	Change in Net Assets	
	2011	2010
Operating Revenues:		
Foundation	\$ 2,792,196	\$ 2,566,154
Fees	11,844	10,915
Other	9,309	10,232
Total revenues	2,813,349	2,587,301
Expenses:		
Purchased Services	3,409,882	2,886,984
Supplies and Materials	59,348	58,980
Depreciation	27,575	27,575
Total expenses	3,496,805	2,973,539
Operating Loss	(683,456)	(386,238)
Non Operating Revenues		
Federal & State Grants	660,589	469,261
Change in Net Assets	(22,867)	83,023
Net Assets Beginning of Year	231,574	148,551
Net Assets End of Year	\$ 208,707	\$ 231,574

The WPC School operates as a business-type enterprise fund. Results of fiscal year 2011 indicate a decrease in net assets of \$22,867 and ending net assets of \$208,707. The decrease is the result of the spending down of existing grant resources available to the WPC. The State Foundation revenues are funds paid to the WPC School from the State of Ohio based on enrollment in the WPC School of 493 and 476 full time equivalents in 2011 and 2010, respectively. The dependence upon State Foundation revenues is apparent as it represents 99.2% of the operating revenue of the WPC School.

BUDGET

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided in the WPC School contract with its Sponsor. The contract between the WPC School and its Sponsor does not prescribe a budgetary process for the WPC School. The WPC School has developed a five-year projection that is reviewed periodically by the Board of Directors.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011 the WPC School had \$36,770, net of accumulated depreciation, invested in equipment. See Note 5 to the basic financial statements for detailed information.

Debt

The WPC School has not issued any debt.

ECONOMIC FACTORS

Management is currently unaware of any facts, decisions or conditions that have occurred that are expected to have a significant effect on financial position or results of operations.

OPERATIONS

The Wickliffe Progressive Community School (the "WPC School") is a legally separate not-for-profit served by an appointed five-member Board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. The WPC School offers students an academically integrated, student-centered, hands-on approach to learning with an emphasis on educating both the heart and mind. Its intent is to provide students with an understanding of the important role of community, on both a large and small scale, encouraging them to be active participants in both student action and integrated learning projects. The educational program teaches students to think critically, to be reflective, to draw connections between subject areas, to use problem-solving approaches to extend their thinking, and to express themselves confidently through academic discourse as well as through creative expression. The goal is to produce a student who feels he or she is an integral part of a caring school community and who is an independent, self-motivated and self-disciplined lifelong learner.

The WPC School is intended to serve kindergarten through fifth grade level students who reside within the Upper Arlington City School District and who are interested in pursuing an alternative schooling option.

The WPC School is a discretely presented component unit of the Upper Arlington City School District (Sponsor). The WPC School was approved for operation under a five year contract, starting July 1, 2005, and has renewed its contract for up to five years with the Sponsor, starting July 1, 2009.

The WPC School operates under the direction of a five member Board of Directors made up of:

1. Three elected or appointed public officials or public employees, or other community leaders who have demonstrated a professional interest in education or in other issues involving children, and who desire to further the objectives of the WPC School.
2. Two parents of students who attend the WPC School or community civic leaders.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

***MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED***

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the WPC School finances and to show its accountability for the money it receives. If you have questions about this report or need additional information, contact Anita Dalluge, Treasurer of the Wickliffe Progressive Community School.

THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2011

ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 90,929
Receivables	94
Due from other governments	86,728
Total Current Assets	<u>177,751</u>
Non-Current Assets:	
Depreciable capital assets, net of accumulated depreciation	36,770
TOTAL ASSETS	<u>214,521</u>
LIABILITIES:	
Current Liabilities:	
Accounts payable	5,814
TOTAL LIABILITIES	<u>5,814</u>
NET ASSETS:	
Invested in capital assets	36,770
Unrestricted	171,937
TOTAL NET ASSETS	<u>\$ 208,707</u>

The notes to the basic financial statements are an integral part of this statement.

THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Foundation	\$ 2,792,196
Fees	11,844
Other	9,309
Total operating revenues	2,813,349
Operating Expenses:	
Purchased services	3,409,882
Supplies and materials	59,348
Depreciation	27,575
Total operating expenses	3,496,805
Operating loss	(683,456)
Nonoperating revenues:	
Federal and State grants	660,589
Change in net assets	(22,867)
Net assets at beginning of year	231,574
Net assets end of the year	\$ 208,707

The notes to the basic financial statements are an integral part of this statement.

THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash flows from operating activities:	
Cash received for foundation payments	\$ 2,792,196
Cash received for fees and other	21,059
Cash payments supplies and material	(65,457)
Cash payments for purchased services	<u>(3,418,526)</u>
Net cash used for operating activities	(670,728)
Cash flows from noncapital financing activities	
Federal and State grant monies received	650,613
Net decrease in cash and cash equivalents	(20,115)
Cash and cash equivalents at beginning of year	<u>111,044</u>
Cash and cash equivalents at end of year	<u><u>\$ 90,929</u></u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (683,456)
Adjustment to reconcile operating loss to net cash used for operations:	
Depreciation	27,575
Changes in assets and liabilities:	
Increase in receivable	(94)
Decrease in operating accounts payable	<u>(14,753)</u>
Net cash used in operating activities	<u><u>\$ (670,728)</u></u>

The notes to the basic financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Wickliffe Progressive Community School (the WPC School) is a legally separate not-for-profit served by an appointed five-member Board of Directors and meets the definition of a conversion school under chapter 3314 of the Ohio Revised Code. The WPC School offers students an academically integrated, student-centered, hands-on approach to learning with an emphasis on educating both the heart and mind. Its intent is to provide students with an understanding of the important role of community, on both a large and small scale, encouraging them to be active participants in both student action and integrated learning projects. The educational program teaches students to think critically, to be reflective, to draw connections between subject areas, to use problem-solving approaches to extend their thinking, and to express themselves confidently through academic discourse as well as through creative expression. The goal is to produce a student who feels he or she is an integral part of a caring school community and who is an independent, self-motivated and self-disciplined lifelong learner.

The WPC School is intended to serve kindergarten through fifth grade level students who reside within the Upper Arlington City School District and who are interested in pursuing an alternative schooling option.

The WPC School is a discretely presented component unit of the Upper Arlington City School District (Sponsor). The WPC School was approved for operation under a five year contract, starting July 1, 2005, with the Sponsor. The WPC School renewed its contract for up to five years with the Sponsor starting July 1, 2009.

At June 30, 2011, the WPC School operated under the direction of a five member Board of Directors made up of:

1. Three elected or appointed public officials or public employees, or other community leaders who have demonstrated a professional interest in education or in other issues involving children, and who desire to further the objectives of WPC School.
2. Two parents of students who attend WPC School or community civic leaders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the WPC School have been prepared in conformity with accounting principles generally accepted in the United States (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 WPC School also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The WPC School does not apply FASB Statements and Interpretations issued after November 30, 1989. Following are the more significant of the WPC School's accounting policies.

(A) *Basis of Presentation*

The WPC School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(B) Measurement focus

Enterprise accounting uses a flow economic *resources measurement focus*. With this measurement focus, all assets and liabilities associated with the operations are included on the Statement of Net Assets. The difference between total assets and total liabilities is defined as net assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The statement of Cash Flows provides information about how the WPC School finances and meets the cash flow needs of its enterprise activities.

(C) Basis of Accounting

Basis of accounting determines when transaction is recorded in the financial records and reported on the financial statements. The statements are prepared using the full accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions

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.

Non-exchange transactions, in which the WPC School receives value without directly giving equal value in return, include grants, entitlements, and fees. Revenue from grants, entitlements, and fees is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include 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 WPC School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the WPC 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 the Ohio Revised Code Chapter 5705, unless specifically provided in the WPC Schools contract with the Sponsor. The WPC School's contract with its Sponsor does not prescribe a budgetary process.

(E) Cash and Cash Equivalents

Cash held by the WPC School is reflected as "Cash and Cash and Equivalents" on the Statement of Net Assets. All monies received by the WPC School are maintained in a demand deposit account. For internal accounting purposes, the WPC School segregates its cash. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an original maturity of more than three months are reported as investments. During fiscal 2011, the WPC School had no investments.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(F) *Capital Assets and Depreciation*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at their fair market values as of the date received. The WPC School follows the policy of not capitalizing assets with a cost of less than \$2,500.

All reported capital assets, with the exception of land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line half-year convention method over the following useful lives:

Furniture and Equipment	5 years
-------------------------	---------

(G) *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the WPC School or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The WPC School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The WPC School did not have any restricted net assets at fiscal year end.

(H) *Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(I) *Operating Revenues and Expenses*

Operating revenues are those revenues that are generally and directly from the primary activities of the WPC School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the WPC School. All revenues and expenses not meeting this definition are reported as non-operating.

(J) *Intergovernmental Revenues*

The WPC School currently participates in the State Foundation Program, through the Ohio Department of Education. Revenue from this program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Amounts awarded under State Foundation Program for the 2011 school year excluding federal and state grants totaled \$2,792,196.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(K) *Unearned Revenue*

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants associated with the fiscal period are all considered to be susceptible to accrual and have been recognized as are receivable or revenue, or deferred revenue of the current fiscal period.

The WPC School participates in the Special Education IDEA Part B grant, ARRA IDEA Part B grant, Fiscal Stabilization grant, Title I grant, ARRA Title I grant, Title II-A grant, Title II-D grant, EMIS grant, Education Jobs, Public Charter School Grant, Race to the Top, and the Drug Free Schools grant. Revenues received from these programs are recognized as nonoperating revenues in the accompanying financial statements. 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 WPC School must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the WPC School on a reimbursement basis. Federal and State grants for the fiscal year 2011 received by the WPC School were \$660,589.

3. CASH DEPOSITS

At June 30, 2011, the carrying amount of all WPC School deposits was \$90,929 and the bank balance was \$91,573. Based on the criteria described in GASB Statement No. 40, "*Deposit and Investments Risk Disclosure*," as of June 30, 2011, none of the bank balance was exposed to custodial risk as discussed below, as the entire bank balance was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of a bank failure, the WPC School will not be able to recover deposits. 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 WPC School.

4. RECEIVABLES

The amount due from other governments at June 30, 2011, consists of \$86,728 due from the Federal government for the various Federal grant programs discussed in note 2 (K).

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011, follows:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Equipment	\$ 137,874	\$ -	\$ -	\$ 137,874
Less: Accumulated Depreciation	<u>(73,529)</u>	<u>(27,575)</u>	-	<u>(101,104)</u>
Capital Assets, net	<u>\$ 64,345</u>	<u>\$ (27,575)</u>	<u>\$ -</u>	<u>\$ 36,770</u>

6. SPONSORSHIP AGREEMENT

The Community School Sponsorship Contract between the WPC School and the Upper Arlington City School District outlines the specific responsibilities to be provided by the Upper Arlington City School District to the WPC School as well the agreed upon payment amounts for any services provided to the WPC School by Upper Arlington City School District.

Under the contract, the Upper Arlington City School District is required to provide the following services:

1. Instructional, supervisory/administrative, and technical services sufficient to effectively implement the WPC School's educational plan, assessment and accountability plan.
2. Responsibility for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes with respect to all personnel providing to services to the WPC School. Also, all personnel shall possess any certification or licensure which may be required by law.
3. Provide technical services that include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel.
4. Curricular services limited to standardized curriculum as developed.

7. RELATED PARTY TRANSACTIONS

The WPC School is a discretely presented component unit of the Upper Arlington City School District. As described in Note 1, the Upper Arlington City School District (Sponsor) is the WPC School Sponsor. The Sponsor and WPC School entered into a five-year sponsorship agreement starting July 1, 2005 and renewed July 1, 2009 whereby terms of the sponsorship were established.

In fiscal year 2011, payments made by the WPC School to the Sponsor totaled \$3,270,763, which is reported in purchased services. This represents contract service payment for teaching, equipment, and other related services provided by the Sponsor.

**THE WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2011
(Continued)**

8. CONTINGENCIES

A. Grants

The WPC School receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the WPC School at June 30, 2011.

B. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The review for 2009-10 school year occurred and all documentation was found to be in order. The WPC School does not anticipate any material adjustments to state funding for fiscal year 2011.

9. RISK MANAGEMENT

The WPC School is exposed to various risks of loss related to torts, theft or damage, destruction of assets, errors and omissions, injuries to employees, and natural disasters. The WPC School maintains insurance coverage consistent with the Upper Arlington City School District, the WPC School Sponsor. Settlement amounts did not exceed coverage amounts in fiscal year 2011, 2010, or 2009.

**WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Title I Cluster			
Title I Grants to Local Educational Agencies	84.010	\$ 66,038	\$ 68,011
ARRA Title I Grants to Local Educational Agencies	84.389	<u>26,814</u>	<u>27,949</u>
Total Title I Cluster		<u>92,852</u>	<u>95,960</u>
Special Education Cluster:			
Special Education Grants to States	84.027	91,168	92,931
ARRA Special Education Grants to States	84.391	<u>19,876</u>	<u>20,468</u>
Total Special Education Cluster		<u>111,044</u>	<u>113,399</u>
ARRA Educational Stabilization	84.394	237,713	237,713
Public Charter School Dissemination Grant	84.282	154,248	148,869
Education Jobs Fund	84.410	38,658	37,170
Education Technology State Grants	84.318	452	419
Safe and Drug Free Schools and Communities State Grants	84.186	-	80
Improving Teacher Quality State Grants	84.367	5,646	5,546
Total U.S. Department of Education		<u>640,613</u>	<u>639,156</u>
Total Federal Awards		<u>\$ 640,613</u>	<u>\$ 639,156</u>

The accompanying notes are an integral part of this schedule.

**WICKLIFFE PROGRESSIVE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Wickliffe Progressive Community School's (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School transferred the following amounts from 2010 to 2011 programs:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Transferred from 2010 to 2011</u>
ARRA Special Education Grants to States	84.391	\$ 700
Special Education Grants to States	84.027	4,049
Education Technology State Grants	84.318	18
ARRA Title I Grants to Local Educational Agencies	84.389	2,500
Title I Grants to Local Educational Agencies	84.010	4,000
Safe and Drug Free Schools Grants	84.186	80
Improving Teacher Quality State Grants	84.367	500



Dave Yost • Auditor of State

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

Wickliffe Progressive Community School
Franklin County
1950 N. Mallway Dr.
Upper Arlington, Ohio 43221

To the Board of Directors:

We have audited the financial statements of Wickliffe Progressive Community School, Franklin County, Ohio (the School), a component unit of Upper Arlington City School District, as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Wickliffe Progressive Community School
Franklin County
Independent Accountants' Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards
Page 2

We intend this report solely for the information and use of management, Board of Directors, the School's sponsor (Upper Arlington City School District), federal awarding agencies and pass-through entities, and others within the School. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

October 21, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Wickliffe Progressive Community School
Franklin County
1950 N. Mallway Dr.
Upper Arlington, Ohio 43221

To the Board of Directors:

Compliance

We have audited the compliance of Wickliffe Progressive Community School, Franklin County, Ohio (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Wickliffe Progressive Community School's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

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

In our opinion, Wickliffe Progressive Community School complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-001.

Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-001 to be a material weakness.

The School's response to the finding we identified 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 the management, Board of Directors, the School's sponsor (Upper Arlington City School District), others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

October 21, 2011

**WICKLIFFE PROGRESSIVE SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	ARRA Educational Stabilization, CFDA #84.394 Public Charter School Dissemination Grant, CFDA #84.282
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**WICKLIFFE PROGRESSIVE SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

Finding Number	2011-001 (Continued)
-----------------------	-----------------------------

CFDA Title and Number	ARRA Educational Stabilization, CFDA #84.394
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Allowable Expenditures – Noncompliance Finding / Material Weakness

OMB Circular A-133 Section 230 (b)(2), states that if an entity does not have a Single Audit, a non-Federal entity shall not charge the cost of auditing to a Federal award. This provision prohibits use of the State Fiscal Stabilization Fund (SFSF) for payment of audit costs. Additionally, Ohio Revised Code 117.13(C)(3) states the fiscal officer may distribute such total cost of the audit to each fund audited in accordance with its percentage of the total cost.

During fiscal year 2011, the School charged its entire 2010 audit cost to State Fiscal Stabilization Fund totaling \$5,391. The School was not subject to single audit during fiscal year 2010.

The failure to properly allocate audit costs resulted in an ineligible use of SFSF grant funds related to audit cost, which should have been paid by other School funds.

We recommend the School charge audit costs to federal funds only in the case of an applicable Single Audit and otherwise allocate audit costs solely to the General Fund or in a proration of funds audited where allowable by law.

Official's Response and Corrective Action Plan:

The School was diligent in monitoring the communication sent out by the Ohio Department of Education regarding the proper use of State Fiscal Stabilization Funds (SFSF). We did not note any overt mention in those communications which specifically prohibited the use of SFSF funds to pay for annual audit costs or detailing the circumstances and criteria necessary for such an expense to be permissible. Although SFSF funding is no longer available, the School has made the necessary changes to ensure that we are processing only allowable expenditures using such funds.

Responsible Contact Person: Anita Dalluge



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Wickliffe Progressive Community School
Franklin County
1950 N. Mallway Drive
Upper Arlington, Ohio 43221

To the Board of Directors:

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

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

1. We noted the School amended its anti-harassment policy at its meeting on August 30, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

This report is intended solely for the information and use of the Board and the School's Sponsor (Upper Arlington City School District) and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 21, 2011

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

WICKLIFFE PROGRESSIVE 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
NOVEMBER 10, 2011**