

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY**

BASIC FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2011





Dave Yost • Auditor of State

Board of Directors
Gahanna Community School
140 South Hamilton Road
Gahanna, Ohio 43230

We have reviewed the *Independent Accountants' Report* of the Gahanna Community School, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period July 1, 2010 through June 30, 2011. 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 Gahanna Community School is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

December 28, 2011

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**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying basic financial statements of the Gahanna Community School, Franklin County (the School), a component unit of the Gahanna-Jefferson 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 an opinion 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 financial position of Gahanna Community School, as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 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, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Kennedy Cottrell Richards LLC
November 9, 2011

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

As management of the Gahanna Community School (the "School"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011. We encourage readers to also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$304,712 (net assets).
- Of this amount, \$199,888 (unrestricted net assets) may be used to meet the School's ongoing obligations to citizens and creditors.
- The School's total net assets increased by \$112,393 during the fiscal year, which consists of operating revenues of \$568,922 and non-operating revenues of \$284,276, which were offset by operating expenses totaling \$740,805.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

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

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

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

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

Table 1 below provides a summary of the School's assets, liabilities and net assets for fiscal year 2011 compared to the prior year.

**Table 1
Net Assets at Year End**

	2011	2010
Current Assets	\$ 263,972	\$ 103,608
Non-current Assets, net	91,886	101,172
Total Assets	355,858	204,780
Current Liabilities	51,146	12,461
Total Liabilities	51,146	12,461
Net Assets		
Invested in Capital Assets	91,886	101,172
Restricted	12,938	1,200
Unrestricted	199,888	89,947
Total Net Assets	\$ 304,712	\$ 192,319

Total Assets increased \$151,078, or approximately 74%, during the fiscal year. This increase is primarily the result of an increase in foundation revenues and grant monies resulting from increased enrollment.

Total Liabilities increased \$38,685, or approximately 310%, during the fiscal year. The increase is a result of the timing of payments made at fiscal year-end in each fiscal year.

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The table below shows the changes in net assets for fiscal year 2011 compared to the prior year:

**Table 2
Changes in Net Assets**

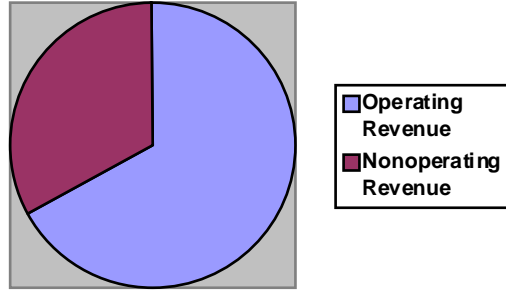
	2011	2010
Operating Revenues:		
Foundation Revenues	\$ 566,993	\$ 443,630
Instructional Fees	1,120	933
Miscellaneous	809	-
Nonoperating Revenues		
Donations	6,741	-
State Grants	3,000	3,000
Federal Grants	274,420	171,143
Interest Earnings	115	25
Total Revenues	853,198	618,731
Operating Expenses:		
Purchased Services	613,172	334,365
Supplies and Materials	84,304	56,825
Depreciation	41,110	20,177
Other	2,219	473
Total Operating Expenses	740,805	411,840
Change in Net Assets	112,393	206,891
Net Assets, Beginning of Year	192,319	(14,572)
Net Assets, End of the Year	\$ 304,712	\$ 192,319

Total Revenues increased \$234,467, or approximately 38%, during the fiscal year. This increase is the result of an increase in Foundation payments and grant funding resulting from increased enrollment. The School's enrollment increased from 80 in the prior year to 102 students as of June 30, 2011.

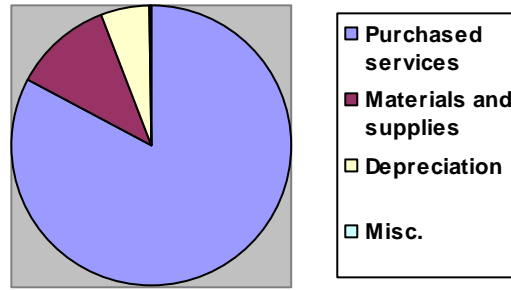
Total Operating Expenses increased \$328,965, or approximately 80%, during the fiscal year. This increase is the result of increased spending due to increased enrollment.

**GAHANNA COMMUNITY SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

The chart below illustrates the revenues for the School during fiscal 2011.



The chart below illustrates the expenses for the School during fiscal 2011.



Capital Assets

At June 30, 2011, the School had \$91,886 invested in equipment, a \$9,286 decrease in comparison with the prior year. This decrease represents the amount in which current year depreciation of \$41,110 exceeded capital asset additions of \$31,824. See Note 4 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The School is sponsored by the Gahanna-Jefferson Public School. The School is reliant upon State and Federal Foundation monies to offer quality educational services to students. In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for other State and Federal funds that are made available to finance its operations.

Contacting the School's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julio Valladares, Treasurer of Gahanna-Jefferson Public Schools, 160 S. Hamilton Road Gahanna, Ohio 43230.

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

**STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

Assets

Current Assets

Cash and Cash Equivalents	\$	253,416
Intergovernmental Receivable		10,556

Non-current Assets

Depreciable Capital Assets, Net		91,886
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Total Assets		355,858
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Liabilities

Current Liabilities

Accounts Payable		51,130
Unearned Revenue		16

Total Liabilities		51,146
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Net Assets

Invested in Capital Assets		91,886
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Restricted for:

State Grant Programs		1,200
Federal Grant Programs		4,997
Scholarships		6,741

Unrestricted		199,888
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Total Net Assets		\$ 304,712
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See accompanying notes to the basic financial statements.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Foundation Revenues	\$ 566,993
Instructional Fees	1,120
Miscellaneous	809
Total Operating Revenues	<u>568,922</u>
Operating Expenses:	
Purchased Services	613,172
Supplies and Materials	84,304
Depreciation	41,110
Miscellaneous	2,219
Total Operating Expenses	<u>740,805</u>
Operating Income/(Loss)	<u>(171,883)</u>
Non-Operating Revenues:	
Donations	6,741
State Subsidies	3,000
Federal Subsidies	274,420
Interest Earnings	115
Total Non-Operating Revenues	<u>284,276</u>
Change in Net Assets	112,393
Net Assets at Beginning of Year	192,319
Net Assets at End of Year	<u>\$ 304,712</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Cash Flows From Operating Activities	
Cash Received from Instructional Fees	\$ 1,120
Cash Received from Foundation Payments	566,993
Cash Received from Other Revenues	809
Cash Payments for Contract Services	(562,042)
Cash Payments for Supplies and Materials	(84,304)
Cash Payments for Miscellaneous	(2,219)
Net Cash Used by Operating Activities	<u>(79,643)</u>
 Cash Flows From Noncapital Financing Activities	
Cash from Federal and State Subsidies	254,419
Cash received from Donations	6,741
Net Cash Provided by Noncapital Financing Activities	<u>261,160</u>
 Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(31,824)
Net Cash Used by Capital and Related Financing Activities	<u>(31,824)</u>
 Cash Flows From Investing Activities	
Interest Received	115
Net Cash Provided by Investing Activities	<u>115</u>
 Net Increase in Cash and Cash Equivalents	 149,808
 Cash and Cash Equivalents at Beginning of Year	 <u>103,608</u>
Cash and Cash Equivalents at End of Year	<u>\$ 253,416</u>

See accompanying notes to the basic financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

Operating Income/(Loss)	\$ (171,883)
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**Adjustments to Reconcile Operating Income (Loss)
to Net Cash Used by Operating Activities:**

Add Depreciation Expense	41,110
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Change in Assets and Liabilities	
Decrease in Accounts Payable	<u>51,130</u>

Total Adjustments	<u>92,240</u>
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Net Cash Used by Operating Activities	<u><u>\$ (79,643)</u></u>
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See accompanying notes to the basic financial statements.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 – DESCRIPTION OF THE SCHOOL

The Gahanna Community School (the “School”) is a nonprofit corporation established in fiscal year 2009, pursuant to Ohio Revised Code Chapter 3314.07. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School’s tax-exempt status. The School specializes in providing educational services to chosen students through unique learning methods like web-based learning, community service, independent study and internships. The School, which is part of the state’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations.

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

The School operates under the direction of a self-appointed five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The School contracts with its sponsor for 6 non-certified staff members and 8 certificated teaching personnel who provide services to 102 students. The School is expecting the number of students to grow to 125 in fiscal year 2012.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

A. Basis of Presentation

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

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

B. Measurement Focus and Basis of Accounting

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

C. Basis of Accounting

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the School must provide local resourced to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

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

E. Cash and Cash Equivalents

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

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

F. Capital Assets and Depreciation

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

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

G. Net Assets

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

H. Operating Revenues and Expenses

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

I. Intergovernmental Revenue

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

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

J. Estimates

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

NOTE 3 - DEPOSITS

Custodial credit risk is the risk that, in the event of bank failure, the School’s deposits may not be returned. The school does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of the School’s deposits was \$253,416 and the bank balance was \$271,329. Only \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), leaving \$21,329 uncollateralized. There are no significant statutory restrictions regarding the deposit and investments of funds by the School.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Cost:				
Equipment	\$ 123,568	\$ 31,824	\$ -	\$ 155,392
Total	123,568	31,824	-	155,392
Accumulated Depreciation:				
Equipment	(22,396)	(41,110)	-	(63,506)
Total	(22,396)	(41,110)	-	(63,506)
Capital Assets, net	\$ 101,172	\$ (9,286)	\$ -	\$ 91,886

NOTE 5 – RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School was covered under the Sponsors policy.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 6 – PURCHASED SERVICES

For the fiscal year ended June 30, 2011, purchased services expenses were as follows:

Instructional Services	548,183
Traveling and Meeting Expenses	8,715
Rentals	11,550
Communication Services	22,549
Fiscal	15,240
Utilities	5,760
Other Purchased Services	1,175
Total Purchased Services	<u><u>613,172</u></u>

NOTE 7 – CONTINGENCIES

A. Grants

The School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall position of the School at fiscal year-end.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state funding is calculated. The conclusions of this review could result in state funding being adjusted. The School does not anticipate any material adjustment for fiscal year 2011 as a result of such review.

NOTE 8 – SPONSORSHIP

The School is a discretely presented component unit of the Gahanna-Jefferson Public School District. As described in Note 1, the Gahanna-Jefferson Public School District (Sponsor) is the School Sponsor. The Sponsor and School entered into a three-year sponsorship agreement commencing August 27, 2008 whereby terms of the sponsorship were established.

In fiscal year 2011, payments made by the School to the Sponsor totaled \$490,924, which are reported in purchased services. This represents contract service payments for teaching, utilities, materials and supplies, and other related services provided by the Sponsor.

**GAHANNA COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 9 – OPERATING LEASE

At the end of fiscal year 2011, the school moved its location back to the main high school building and returned the leased modular units. The school paid \$11,550 in lease payments in fiscal year 2011 and is obligated to pay the final lease payment of \$1,050 in fiscal year 2012.

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

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

To the Board of Directors:

We have audited the accompanying basic financial statements of the Gahanna Community School, Franklin County (the School), a component unit of the Gahanna-Jefferson City School District, as of and for the year ended June 30, 2011, as listed in the table of contents, and have issued our report thereon dated November 9, 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*.

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*
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the School's management in a separate letter dated November 9, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board, the Community School's sponsor, and others within the School. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
November 9, 2011

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

To the Board of Directors:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Gahanna Community School (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. In our report dated November 12, 2010, we noted the Board adopted an anti-harassment policy on August 11, 2008. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. The Board amended the policy on December 9, 2010. We read the amended policy, noting it still does not include the following requirements listed in Ohio Rev. Code 3313.666.
 - (1) 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 Board and School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.



Kennedy Cottrell Richards LLC

November 9, 2011

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Dave Yost • Auditor of State

GAHANNA COMMUNITY SCHOOL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 10, 2012