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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Theodore Roosevelt Public Community School
Hamilton County
c/o Richland Academy
75 North Walnut Street
Mansfield, Ohio 44902

We have performed the procedures enumerated below, with which the Board of Directors, Sponsor, and the management of Theodore Roosevelt Public Community School, Hamilton County, Ohio (the School) agreed, solely to assist the Ohio Department of Education (ODE) in evaluating whether the School completed the ODE Community School Closing Procedures for this School that closed effective September 16, 2014. Management is responsible for recording transactions; and management, the Board, and the Sponsor are responsible for complying with the Closing Procedure requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. 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. In addition, the financial statements of the School have been audited, in accordance with standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, for the period of July 1, 2013 to June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and had the report issued thereon dated May 21, 2015.

Ohio Revised Code Section 3314.015 (E) states the department (of education) shall adopt procedures for use by a community school governing authority and sponsor when the school permanently closes and ceases operation, which shall include at least procedures for data reporting to the department, handling of student records, distribution of assets in accordance with section 3314.074 of the Revised Code, and other matters related to ceasing operation of the school.

Ohio Department of Education, Community Schools Guidance Letter 2010-3 states sponsors must provide and execute a plan for an orderly wrap-up of a community school's affairs upon a permanent closure of a community school, preferably prior to the school closing its doors. A school is officially closed when instruction is no longer taking place and the governing authority or sponsor issues an official notice which states the date of the school's closure. The sponsor and a representative of the governing board are required to complete and sign the *Assurance to ODE Form*. The role of the sponsor in this process is to assure that the governing authority of the community school has taken required actions to properly address closing issues and/or to take those actions itself if the governing authority is no longer able or functioning. Inasmuch as a plan for school closure is a required part of the school's contract with the sponsor, final preparations as part of that plan should be in place prior to the last day students are in attendance.

Initial Notifications, Student Records and School Records

1. A school is officially closed when instruction is no longer taking place and the governing authority or sponsor issues an official notice which states the date of the school's closure.
 - a. We inspected the official notice to ODE that the school was closing, which contained the board resolution. We noted no exceptions.
 - b. We noted this notice occurred within 24 hours of the action which included the date of closing of the school. The school was closed effective September 16, 2014. We noted no exceptions.
2. We inspected the formal letter from the school governing authority and the sponsor superintendent notifying parents that the school was closing. We noted that this letter was dated within 24 hours of the action, and included: the reason for the closing of the school, options for enrolling in another community school, traditional schools or nonpublic schools and contact information. We noted no exceptions.
3. We inspected the notice of closing sent to the Ohio State Teachers Retirement System and School Employees Retirement System. We noted no exceptions.
4. We inquired of the Sponsor if they took control of and secured all school records, property and assets immediately when the school closed.
 - a. We scanned student records to determine if they were put in order and if transcript materials were produced.
 - b. We inspected the final FTE review by the Ohio Department of Education to determine that it was completed.
 - c. We inquired of the resident district if copies of student records were provided by the community school, within seven business days of closure of the community school as defined in section 3314.44 of the revised code.
 - d. We inquired of the receiving school if special education records were provided for all students with disabilities.

We noted no exceptions.

5. We inspected the written notice to the School's staff from the governing authority of the decision to close the school. This notice included the following:
 - a. Provided a clear written timeline of the closing process;
 - b. Clarified COBRA benefits and when medical benefits end;
 - c. Reminded the faculty of their obligation to teach up to the date of closing or otherwise determine that the school is properly staffed up to the time of closing;
 - d. Provided sponsor contact information.

We noted no exceptions.

6. We confirmed that the school was current with their payments to the following retirement systems:
 - a. State Teachers Retirement System (STRS) – No exceptions were noted.
 - b. State Employees Retirement System (SERS) – No exceptions were noted.

Disposition of Assets

1. We inquired if the governing authority retained the treasurer or the Sponsor to oversee the remaining financial activity, and act as a receiver to oversee the closing of the financial records in the absence of a fiscal officer. The Treasurer was retained.
2. We inquired of the School and inspected the capital asset listing to determine if the School had any assets which had been purchased with federal dollars. The capital asset listing identified assets purchased with federal dollars.
3. We inquired of the School if they received computer hardware or software from the former Ohio SchoolNet commission or the former eTech Ohio commission. The School had no such computer hardware or software.
4. We obtained and scanned documentation showing:
 - a. The fair market (initial and amortized) value established via the capital assets policy, for all capital assets;
 - b. The listing of purchasers of assets with proper USAS codes, the price of each item, and the source of funds;
 - c. The established disposition plan for any remaining items;

We noted no exceptions.

5. We inquired to identify:
 - a. What staff will have legal authority for payment processes (e.g. checks, cash, credit cards, etc.);
 - b. Any State Facilities Commission guarantees.

We noted no exceptions.

6. We inquired if the School had any real property acquired from a public school district. The School had no such property.
7. The Public Charter School Program (PCSP) assets must first be offered to other community schools with requisite board resolutions consistent with the purpose of the PCSP.
 - a. We inspected the notice to other Community Schools regarding the offering of assets, with no exceptions noted.
 - b. We also inspected Board resolutions or minutes approving the transfer of PCSP assets at no cost to another community school. We noted no exceptions.

8. For any PCSP assets not taken by other community schools, an auction sale must be held to dispose of the assets.
 - a. We inspected the written notification to ODE's Office of Community Schools (OCS), in addition to the public media, including the date and location of the property disposition auction.
 - b. We inspected documentation that disposition of any remaining PCSP assets valued at \$5,000 or greater followed EDGAR liquidation procedures in 34 CFR 80.32.
 - c. We inspected board resolutions or minutes approving the transfer of certain assets at no cost to another school.
 - d. We inspected the written report submitted to ODE OCS of the property sold at auction.
 - e. We inspected Board resolutions approving any assets remaining after the auction were given to a public school district.

We noted no exceptions.

9. We inquired of the School and inspected the capital asset listing to determine if the School had any assets which had been purchased with National School Lunch Program federal dollars. No such capital assets were noted.
10. We scanned the School's expenditure ledger to determine if they utilize only state dollars, auction proceeds, foundation dollars and any other non-federal dollars to pay the following, in order:
 - a. Any outstanding federal or state claims that may need to be paid first including but not limited to including federal and state taxes, Medicare, Workers Compensation, and city wage taxes;
 - b. STRS/SERS/retirement systems and other adjustments;
 - c. Teachers and staff;
 - d. Private creditors or those entities that have secured a judgment against the school, including audit preparation and audit costs (prepared financials);
 - e. If the assets of the school are insufficient to pay all persons or entities to which compensation is owed, the prioritization of the distribution of the assets to individual persons or entities within each class of payees may be determined by decree of a court in accordance section 3314.074 and Chapter 1702 of the Ohio Revised Code.

We noted no exceptions. In addition, no court order was noted in item e.

11. We verified that the liabilities related to items in step 11 were disclosed either on the entities GAAP financial statements, or in the notes to the cash basis financial statements.

Preparation of Itemized Financials

1. We scanned the following documents to determine such had been prepared:
 - a. Year-end financial statements, notes to the financial statements and if applicable schedule of federal awards;
 - b. A cash analysis (taking the previous month's recap and reconciliation of bank accounts to books) for determination of the cash balance as of the closing date;
 - c. Compile bank statements for the year;
 - d. List of investments in paper hard copy format
 - e. List of all payables and indicate when a check to pay the liability clears the bank;
 - f. List all unused checks (collect and void all unused checks);
 - g. List of any petty cash;
 - h. List of bank accounts, closing the accounts once all transactions are cleared;
 - i. List of all payroll reports including taxes, retirement or adjustments on employee contract.
 - j. List of all accounts receivable.
 - k. List of assets and their disposition.
 - l. FTE review complete and submit a copy of the Certification Form signed at the FTE review.

We noted no exceptions.

Final Payments and Adjustments

1. The sponsor shall continually monitor the condition of the closed school and be prepared to receive or transmit funds on behalf of the school as directed by an appropriate agency. We inspected the School ledgers to determine that:
 - a. Any funds received or adjustments were credited to the account of the closed school.
 - b. Any portion of any funds received, or adjustments, were applied to satisfy any remaining debt as allowable;
 - c. Any funds remaining were sent to the Ohio Department of Education, Office of Policy and Payments, for final disposition.

We noted no exceptions.

Foundation Revenue – Overpayment Due to Ohio Department of Education

Ohio Rev. Code § 3314.08 provides guidance for community schools to be funded by the Ohio Department of Education's (ODE) annualized per-pupil foundation program ("Foundation"). Foundation settlements are paid to community schools on a monthly basis and are based on estimated student enrollments.

Pursuant to the School Options Enrollment System Manual, community schools receive Foundation funding during July, August, and September based upon the estimated enrollment (i.e., EMIS enrollment data from June of the preceding school year) for the upcoming school year.

Ohio Rev. Code § 3314.08(H)(4) further indicates with respect to the calculation of full-time equivalency under division (H)(3) of this section, the department shall waive the number of hours or days of learning opportunities not offered to a student because the community school was closed during the school year due to disease epidemic, hazardous weather conditions, law enforcement emergencies, inoperability of school buses or other equipment necessary to the school's operation, damage to a school building, or other temporary circumstances due to utility failure rendering the school building unfit for school use, so long as the school was actually open for instruction with students in attendance during that school year for not less than the minimum number of hours required by this chapter. The department shall treat the school as if it were open for instruction with students in attendance during the hours or days waived under this division.

In July and August 2014, the School received foundation payments totaling \$118,851.61. The School was suspended on September 3, 2014 and officially closed on September 16, 2014 by the authorizer, Richland Academy. The School did not open its doors to educate students after June 30, 2014 and according to the ODE was therefore not eligible to receive funding for the July 1, 2014 – June 30, 2015 fiscal year.

Also, upon completion of the previous fiscal year's (2013-14) reconciliation process, the School received more funds than the final student data supported. The School received \$701,308.03 and the reconciled student data indicates the School was entitled to receive \$700,978.87, resulting in an amount owed back to the ODE of \$329.16.

The receipt of \$118,851.61 in ineligible foundation receipts combined with the \$329.16 owed to the ODE for unsupported student data resulted in a total of \$119,180.77 due from the School to the ODE.

Subsequent to the School's closing, in March, 2015, the School remitted two checks, totaling \$108,033.30, toward the amount due to the ODE. Subsequently, all other funds of the School were distributed to creditors by the Treasurer. Therefore, the outstanding balance remains and totals \$11,147.47.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public funds illegally expended is hereby issued against the Theodore Roosevelt Public Community School, Hamilton County, in the amount of \$11,147 and in favor of the Ohio Department of Education. The Ohio Department of Education previously certified this amount to the Ohio Attorney General's Office.

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We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the School's compliance with the Ohio Department of Education's Close-Out Procedures. Accordingly, we do not express 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 management, the School's sponsor, the Ohio Department of Education, those charged with governance, and others within the School, 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". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

April 5, 2016

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THEODORE ROOSEVELT PUBLIC COMMUNITY SCHOOL

HAMILTON 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 26, 2016**