



Dave Yost • Auditor of State

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Crittenton Community School
Franklin County
40 Hill Road South
Pickerington, Ohio 43147

To the Sponsor:

Report on the Financial Statements

We have audited the accompanying financial statements of the Crittenton Community School, Franklin County, Ohio (the School), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Crittenton Community School, Franklin County, Ohio, as of June 30, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the School ceased operations based on closure by the Sponsor on June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2014

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The discussion and analysis of the Crittenton Community School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should 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 2013 are as follows:

- In total, net position was \$72,975 at June 30, 2013, which is a decrease from \$144,687 in 2012.
- The School had operating revenues of \$384,070 and operating expenses of \$806,997 for fiscal year 2013.
- The School received \$270,943 in non-operating federal and private grants during fiscal year 2013. The School also received \$80,272 in donations during fiscal year 2013.
- Total change in net position for fiscal year 2013 was (\$71,712), compared to (\$38,012) in 2012.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the School.

Reporting the School's Financial Activities

Statement of Net Position and the Statement of Revenues, Expenses Changes in Net Position

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question: "How did the School do financially during 2013?" These statements include net position using principles generally accepted in the United States of America. This basis of accounting takes into account all revenues and expenses relating to the period, whether or not actually received or paid. These two statements report the School's net position and changes in net position. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 through 9 of this report.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The table below provides a summary of the School's Net Position for fiscal years 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Assets:		
Current Assets	\$ 8,681	\$ 127,308
Long-term Assets:		
Property and equipment, net	<u>65,518</u>	<u>78,298</u>
Total assets.	\$ <u>74,199</u>	\$ <u>205,606</u>
Liabilities:		
Current liabilities	<u>1,224</u>	<u>60,919</u>
Total liabilities	\$ <u>1,224</u>	\$ <u>60,919</u>
Net Position:		
Net Investment in Capital Assets	65,518	78,298
Restricted	1,101	14,067
Unrestricted	<u>6,356</u>	<u>52,322</u>
Total net position	\$ <u>72,975</u>	\$ <u>144,687</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, net position of the School totaled \$72,975, which is a decrease of \$71,712 due to dropping enrollment which resulted in decreases in state foundation and federal grant funding.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

The table below shows the changes in net position for fiscal years 2013 and 2012. The School received \$383,523 in state funding from foundation payments during fiscal year 2013, which is a decrease from prior year due to dropping enrollment. Federal grant programs included the Title VI-B, Title I, Title II and Public Charter School Start-up, which also saw a significant decrease in revenues from 2013 to 2012 due to the decreased enrollment. These revenue decreases directly correlated to decreases in expenditures overall as well.

	2013	2012
Operating revenues:		
State foundation	\$ 383,523	\$ 582,263
Other	<u>547</u>	<u>16,357</u>
Total operating revenues	384,070	598,620
Non-operating revenues:		
Federal and state grants	270,943	513,382
Donations	<u>80,272</u>	=
Total non-operating revenues	<u>351,215</u>	<u>513,382</u>
 Total revenues:	 \$ <u>735,285</u>	 \$ <u>1,112,002</u>
Operating expenses:		
Salaries and wages and fringe benefits	559,537	829,270
Purchased services	194,141	265,387
Materials and supplies	29,668	27,228
Depreciation	12,780	9,378
Other	<u>10,871</u>	<u>18,751</u>
Total operating expenses	<u>806,997</u>	<u>1,150,014</u>
 Change in net position	 (71,712)	 (38,012)
 Net position at beginning of year	 <u>144,687</u>	 <u>182,699</u>
 Net position at end of year	 \$ <u>72,975</u>	 \$ <u>144,687</u>

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Unaudited)**

Budgeting

Unlike traditional schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code 5705, unless specifically provided by the School's contract with its sponsor. The contract between the School and its sponsor, St. Aloysius Orphanage, does not prescribe a budgetary process for the School.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School had \$65,518 invested in furniture and equipment and leasehold improvements net of accumulated depreciation. The following table shows fiscal year 2013 balances compared to 2012:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>2013</u>	<u>2012</u>
Furniture and Equipment	4,758	12,367
Leasehold Improvements	<u>60,760</u>	<u>65,931</u>
Total Capital Assets	65,518	78,298

The overall decrease in capital assets during fiscal year 2013 of \$12,780 is due to depreciation expense and no new additions added during the year. See Note 5 to the basic financial statements for additional information on the School's capital assets.

Debt Administration

The School does not have any debt obligations outstanding as of June 30, 2013 and 2012.

Current Financial Related Activities

The School is sponsored by St. Aloysius Orphanage. The School is reliant upon State Foundation monies and Federal and private grants to offer quality, educational services to students.

In order to continually provide learning opportunities to the School's students, the School applied resources to best meet the needs of its students. Due to lack of enrollment and the associated financial issues, the School ceased operations and closed effective June 30, 2013.

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 Mr. Dan Lamb, Treasurer, Crittenton Community School, 40 Hill Road South, Pickerington, Ohio, 43147.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

Assets:

Current assets:

Cash	\$ 2,252
Intergovernmental receivable	<u>6,429</u>
<i>Total current assets</i>	<u>8,681</u>

Long-term assets:

Property and equipment, net	<u>65,518</u>
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Total assets	<u>74,199</u>
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Liabilities:

Current:

Accounts payable	<u>1,224</u>
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Total liabilities	<u>1,224</u>
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Net Position:

Net Investment in Capital Assets	65,518
Restricted	1,101
Unrestricted	<u>6,356</u>

Total net position	<u>\$ 72,975</u>
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Total net position and liabilities	<u><u>74,199</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

Operating revenues:	
State foundation	\$ 383,523
Other	547
Total operating revenues	<u>384,070</u>
Operating expenses:	
Salaries and wages and benefits	559,537
Purchased services	194,141
Materials and supplies	29,668
Depreciation	12,780
Other	10,871
Total operating expenses	<u>806,997</u>
Operating Loss	(422,927)
Non-operating revenues:	
Federal and state grants	270,943
Donations	80,272
Total non-operating revenues	<u>351,215</u>
Change in net position	(71,712)
Net position at beginning of year	<u>144,687</u>
Net position at end of year	<u><u>\$ 72,975</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013**

Cash flows from operating activities:	
Cash received from state foundation	\$ 383,523
Cash received from other operations	6,526
Cash payments for personnel services	(618,298)
Cash payments for purchased services	(196,910)
Cash payments for other operating expenses	<u>(40,539)</u>
Net cash used in operating activities	<u>(465,698)</u>
 Cash flows from noncapital financing activities:	
Federal and state grants	307,055
Donations	<u>80,272</u>
Net cash provided by noncapital financing activities	<u>387,327</u>
Net decrease in cash and cash equivalents	(78,371)
Cash at beginning of year	<u>80,623</u>
Cash at end of year	<u><u>\$ 2,252</u></u>
 Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (422,927)
Adjustments:	
Depreciation	12,780
Changes in assets and liabilities:	
Decrease in accounts receivable	6,426
Decrease in intergovernmental receivable	(3,000)
Decrease in prepayments	718
Decrease in accounts payable	(1,545)
Decrease in accrued wages and benefits	(40,781)
Decrease in intergovernmental payable	<u>(17,369)</u>
Net cash used in operating activities	<u><u>\$ (465,698)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Crittenton Community School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is committed to providing an alternative educational program for middle school students who are struggling in traditional programs.

The School was approved under contract with The St. Aloysius Orphanage (the "Sponsor"). The original contract expired with one year renewal periods. As mentioned in Note 14, the school closed as of June 30, 2013 and the contract was not renewed.

The School operates under the direction of a Governing Authority which must contain at least five Directors who are not owners or employees, or relatives of owners or employees, of any for-profit company that operates or manages the School. The Governing Authority 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 Governing Authority controls the School's instructional/support facility staffed by employees who provide services to 47 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a "flow of economic resources" measurement focus. With this measurement focus, all assets and all liabilities are included on the Statements of Net Position. Net position is segregated into net investment in capital assets, restricted, and unrestricted components.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded when the exchange takes place. Revenues 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 year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditures 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

Community schools must adopt a five year forecast under the Ohio Revised Code. Unlike traditional schools, the remaining sections of Ohio Revised Code 5705 generally do not apply, unless specified by the Sponsor contract. The contract between the School and its sponsor requires the School to comply with the financial plan that details an estimated budget for each year of the contract. The School is compliant.

E. Cash and Investments

To improve cash management, all cash received by the School is pooled in a central bank account. Monies for the School are maintained in these accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with the original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

The School had no investments during fiscal year 2013.

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of \$1,000. The School does not possess 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. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	40 years
Furniture, fixtures and equipment	3 - 5 years
Leasehold improvements	15 years

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

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

G. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

H. Intergovernmental Revenue

The School currently participates in the State Foundation Program, State and Federal Food Reimbursement grants, Title VI-B, Title II, and Title I programs. Revenues received from the State Foundation Program are recognized as operating revenues in the accompanying financial statements. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Federal, State and local grant revenue for fiscal year 2013 was \$270,943.

I. Accrued Liabilities

The School has recognized certain expenses due, but unpaid as of June 30, 2013. These expenses are reported as accrued liabilities in the accompanying financial statements.

J. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the Statement of Net Position. These items are reported as assets on the Statement of Net Position using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

K. Estimates

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

L. Economic Dependency

The School receives approximately 99.9% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

M. Operating Receipts and Disbursements

Operating receipts are those revenues that are generated directly from the primary activity of the School. Operating disbursements are necessary costs incurred to provide the goods or services that are the primary activities of the School. All receipts and disbursements not meeting this definition are reported as non-operating.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 – DEPOSITS

At June 30, 2013, the carrying amount of all School deposits was \$2,252. Based on the criteria described in GASB Statement No. 40, as of June 30, 2013, the School's bank balance of \$17,346 was not exposed to custodial risk as discussed below, due to the \$250,000 coverage by the Federal Deposit Insurance Corporation (the "FDIC"). Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School has no deposit policy for custodial credit risk beyond the requirements of State statute, however all statutory requirements for the deposit of money had been followed.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2013, consisted of grants receivable of \$6,429; these are included in the accompanying financial statements. All receivables are considered collectible in full

NOTE 5 - CAPITAL ASSETS

At June 30, 2013, the following table represents the Schools' change in capital assets. Capital assets are considered depreciable.

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 38,045	-	-	\$ 38,045
Leasehold improvements	<u>77,566</u>	<u>-</u>	<u>-</u>	<u>77,566</u>
Total capital assets, being depreciated	115,611	-	-	115,611
Less Accumulated Depreciation				
Furniture and equipment	\$ (25,678)	-	(7,609)	\$ 33,287
Leasehold improvements	<u>(11,635)</u>	<u>-</u>	<u>(5,171)</u>	<u>16,806</u>
Total accumulated depreciation	<u>(37,313)</u>	<u>-</u>	<u>(12,780)</u>	<u>50,093</u>
Capital assets, net of accumulated depreciation	\$ 78,298	-	(12,780)	\$ 65,518

NOTE 6 - RISK MANAGEMENT

A. Insurance Coverage

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. There have been no insurance settlements that exceeded insurance coverage in the last three years. In addition, there have been no significant reductions in insurance coverage for from the prior year. For the fiscal year ended 2013, coverage remained at \$1,000,000 for general liability and \$3,000,000 for officer liability.

B. Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 7 - FISCAL SERVICES CONTRACT

A. Sponsor Contract

- The School entered into a sponsorship contract with St. Aloysius Orphanage (the "Sponsor") for its establishment. The Sponsor shall carry out the responsibilities established by law, including:
- Monitor the School's compliance with the laws applicable to the School and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the School on at least an annual basis;
- Provide reasonable technical assistance to the School in complying with this contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the School);
- Take steps to intervene in the School's operation to correct problems in the School's overall performance, declare the School to be on probationary status under Ohio Revised Code Section 3314.073, suspend operation of the School pursuant to Ohio Revised Code Section 3314.072, or terminate or non-renew this contract pursuant to Ohio Revised Code Section 3314.07, as determined necessary by the Sponsor;
- Establish and/or require a plan of action to be undertaken if the School experiences financial difficulties or losses before the end of the school year; and
- Abide by the requirements of its contract with the Ohio Department of Education, even should those requirements affect the School.
- The School paid the sponsor \$6,714 for services during fiscal year 2013.

B. Service Contract

The School entered into a service contract with Charter School Specialists, LLC (CSS), for a period of twelve months, commencing on July 1, 2012, and ending on June 30, 2013, to provide fiscal, payroll and Comprehensive Continuous Planning consulting services. The School paid CSS \$11,200 in service fees for fiscal year 2013.

NOTE 8 - PURCHASED SERVICES

For fiscal year ended June 30, 2013, purchased services expenses were as follow:

Instructional Services	\$16,204
Administrative Operations Services	49,607
Food Service	16,736
Federal Services	92,409
Facilities/Maintenance Services	<u>19,185</u>
Total Purchased Services	\$194,141

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate, currently 14 percent of annual covered payroll. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively with the remainder being used to fund healthcare benefits. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System.. The School's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$18,588, \$12,987, and \$9,896 respectively and 100 percent has been contributed for all three fiscal years.

B. State Teachers Retirement System of Ohio

Plan Description - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St. Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 9 - PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance. Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$51,162, \$74,476, and \$103,038, respectively and 100 percent was contributed for all three fiscal years.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is .74%. The School's required contribution for the years ended June 30, 2013, 2012, and 2011 was \$955, \$767, and \$637, respectively and 100 percent has been contributed for all three fiscal years.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

Health Care Plan (Continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2013, the health care allocation is .16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The School's contributions for healthcare (including the surcharge) for the years ended June 30, 2013, 2012, and 2011 were \$723, \$1,692, and \$2,328, respectively, of which 100 percent has been contributed for all three fiscal years.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under **Employers/Audit Resources**.

B. State Teachers Retirement System of Ohio

Plan Description - The School contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "*Publications*" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 was \$3,936, \$5,729, and \$7,926, respectively, and 100 percent has been contributed for all three fiscal years.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 11 – CONTINGENCIES

A. Grants

The School received financial assistance from federal and State agencies in the form of grants. The use of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability; however, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2013, if applicable, cannot be determined at this time.

B. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (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 Foundation funding is calculated. The fiscal year 2013 review resulted in no change to the fiscal year 2013 state foundation funding.

NOTE 12 - OPERATING LEASES

The School entered into an operating lease agreement with Directions for Youth & Families Group, Inc. The lease was under annual renewal and expired June 30, 2013. Total lease payments made during fiscal year 2013 were \$19,185. This agreement was, in substance, a rental agreement (operating lease) and the lease payments are classified as purchased services in the financial statements. No future payments are required.

NOTE 13 - TAX EXEMPT STATUS

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization. Management is not aware of any course of action or series of events that might adversely affect the School's tax exempt status.

NOTE 14 – SCHOOL CLOSED

As planned subsequent to the 2012 fiscal year, and mentioned in the financial statements for the period ended June 30, 2012, the school closed on June 30, 2013.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year 2013, the School implemented the following:

GASB Statement No. 61 "The Financial Reporting Entity: Omnibus" - an amendment of GASB Statements No. 14 and No. 34 "improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, "The Financial Reporting Entity", and the related financial reporting requirements of Statement No. 34, "Basic Financial Statements- and Management's Discussion and Analysis" - for State and Local Governments", were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The implementation of this statement did not have a significant effect on the financial statements of the School.

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” incorporates certain accounting and financial reporting guidance issued on or before November 30, 1989, into the GASB’s authoritative literature that do not conflict with or contradict GASB pronouncements. The implementation of this statement did not have a significant effect on the financial statements of the School.

GASB Statement No. 63 “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. The implementation of this statement resulted in the reclassification of Net Assets to Net Position.

GASB Statement No. 65 “Items Previously Reported as Assets and Liabilities” clarifies the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources. The implementation of this statement requires the Academy to expenses all debt issuance costs, rather than defer and amortize tem over the life of the applicable debt issue. The implementation of this statement did not have an effect on the financial statements of the School.

NOTE 16 – SUBSEQUENT EVENTS

As a result of the closure of the school at June 30, 2013, the following is a schedule of all revenue and expense transactions which occurred subsequent to June 30, 2013:

Date	Receipts	Expenditure	Payee/Vendor	Description
7/10/13	\$1,401.72		ODE	21st Century Grant FY13
7/15/13		\$25.00	Huntington Bank	Bank service charge
7/16/13	\$11.44		ODE	Title I FY13
7/17/13	\$3,192.29		ODE	School Improvement FY13
7/23/13	\$1,835.60		BWC	BWC rebate
8/15/13		\$25.00	Huntington Bank	Bank service charge
8/30/13	\$1,207.13		State of Ohio	FY13 casino receipt
8/30/13	\$1,825.00		Premier/Millennium	Sale of School assets
9/4/13		\$1,221.96	SERS	Final SERS payment
9/16/13		\$25.00	Huntington Bank	Bank service charge
10/8/13		\$364.41	ODE	Return of FY13 IDEA money
10/15/13		\$25.00	Huntington Bank	Bank service charge
10/31/13	\$2.61		ComDoc Leasing	Postage left on machine
11/15/13		\$25.00	Huntington Bank	Bank service charge
12/16/13		\$25.00	Huntington Bank	Bank service charge
1/15/14		\$25.00	Huntington Bank	Bank service charge

As of the report date, the School has a remaining bank balance of \$9,956.22, which will be used to liquidate any outstanding liabilities, with any excess being returned to the Ohio Department of Education. The Academy also liquidated all capital assets as of the report date.



Dave Yost • Auditor of State³

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

Crittenton Community School
Franklin County
40 Hill Road South
Pickerington, Ohio 43147

To the Sponsor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the Crittenton Community School, Franklin County, Ohio (the School) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 13, 2014, wherein we noted the School ceased operations on June 30, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

March 13, 2014

**CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2013-001

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the School's Treasurer and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were material to the School's 2013 financial statements and were made to the School's accounting records and financial statements:

1. Reclassification of unrestricted net position as net investment in capital assets for \$65,518 on the Statement of Net Position.
2. Unposted depreciation expense and overstated property and equipment, net of depreciation of \$12,780 on the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Net Position.
3. Reclassification of cash flows of other operating operations for \$387,327 as cash flows for noncapital financing activities - federal and state grants for \$307,055 and noncapital financing activities - donations for \$80,272 on the Statement of Cash Flows.
4. Overstatement of non-operating, federal and state grants for \$39,541 and other operating revenues for \$7,144, and an understatement of beginning net position of \$46,685 on the Statement of Revenues, Expenses, and Changes in Net Position.
5. Overstatement of purchased services for \$2,769 and salaries and wages for \$58,150, and beginning net position of \$58,150 on the Statement of Revenues, Expenses, and Changes in Net Position.
6. Reclassification of operating other revenues as non-operating donations for \$80,272 on the Statement of Revenues, Expenses, and Changes in Net Position.
7. Reclassification of accounts receivable as intergovernmental receivable for \$6,429.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the School develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the School and thereby increasing the reliability of the financial data throughout the year.

We did not receive an Official's Response for the finding reported above.

CRITTENTON COMMUNITY SCHOOL
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	34 CFR 200.55-.56 - Not meeting Highly Qualified Teacher standards	Yes	



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

Crittenton Community School
Franklin County
40 Hill Rd S
Pickerington, Ohio 43147

To the Board:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Crittenton Community School (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 Board had previously amended its anti-harassment policy during a meeting in 2009 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2014

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Dave Yost • Auditor of State

CRITTENTON 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
APRIL 15, 2014**