



Dave Yost • Auditor of State

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis June 30, 2010	5
Statement of Cash Receipts, Cash Disbursements and Change in Net Assets – Cash Basis For the Fiscal Year Ended June 30, 2010	6
Notes to the Basic Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings.....	14
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	15

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Auglaize Educational Academy
Auglaize County
1045 Dearbaugh Ave.
Wapakoneta, Ohio 45895

To the Board of Directors:

We have audited the accompanying financial statements of the Auglaize Educational Academy, Auglaize County, (AEA), as of and for the fiscal year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the AEA's management. Our responsibility is to express 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.

Ohio Administrative Code § 117-2-03 (B) requires the AEA to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Auglaize Educational Academy, Auglaize County, as of June 30, 2010, and the respective changes in cash financial position thereof, for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2011, on our consideration of the AEA'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.

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

Dave Yost
Auditor of State

March 31, 2011

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of Auglaize County Educational Academy's (AEA) financial performance provides an overall review of AEA's financial activities for the fiscal year ended June 30, 2010, within the limitations of cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of AEA's financial performance.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the AEA's cash basis of accounting.

The AEA has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing receipts, disbursements, and the related assets and liabilities. Under the AEA's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Table 1 provides a summary of AEA's net assets for fiscal year 2010 and fiscal year 2009:

Table 1			
Net Assets			
	2010	2009	Change
Assets:			
Current Assets	\$650,467	\$766,655	(\$116,188)
Net Assets:			
Restricted for:			
Other Purposes	1,875	1,339	536
Unrestricted	648,592	765,316	(116,724)
Total Net Assets	\$650,467	\$766,655	(\$116,188)

Net assets decreased significantly, in the amount of \$116,188. During fiscal year 2010, total disbursements were greater than the receipts.

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets for fiscal year 2010 and fiscal year 2009.

**Table 2
Change in Net Assets**

	2010	2009	Change
Operating Receipts:			
Charges for Services	\$18,549	\$5,483	\$13,066
Miscellaneous Revenues		305	(305)
Foundation	418,651	583,868	(165,217)
Total Operating Receipts	<u>437,200</u>	<u>589,656</u>	<u>(152,456)</u>
Non-Operating Receipts:			
Interest	3,542	6,303	(2,761)
Grants	59,042	35,513	23,529
Total Non-Operating Receipts	<u>62,584</u>	<u>41,816</u>	<u>20,768</u>
Total Receipts	<u>499,784</u>	<u>631,472</u>	<u>(131,688)</u>
Operating Disbursements:			
Purchased Services	607,313	433,704	(173,609)
Materials and Supplies	4,659	7,193	2,534
Other		1,400	1,400
Capital Outlay	4,000		(4,000)
Total Disbursements	<u>615,972</u>	<u>442,297</u>	<u>(173,675)</u>
Increase (Decrease) in Net Assets	<u>(116,188)</u>	<u>189,175</u>	<u>(305,363)</u>
Net Assets at Beginning of Year	<u>766,655</u>	<u>577,480</u>	<u>189,175</u>
Net Assets at End of Year	<u>\$650,467</u>	<u>\$766,655</u>	<u>(\$116,188)</u>

Receipts for charges for services significantly increased from receiving virtual school fees from the St. Marys and Wapakoneta City School Districts. Foundation receipts decreased 28 percent from a decrease in enrollment by twenty students. Grants increased in fiscal year 2010 from additional federal funds received as a result of the American Recovery and Reinvestment Act.

Disbursements increased significantly. The Sponsor of the AEA modified the reimbursement basis for providing services to the AEA at the end of fiscal year 2008; services are invoiced quarterly. Service amounts were greater in fiscal year 2010 and direct cost reimbursements were greater for fiscal year 2009 that were paid in 2010 than for fiscal year 2008 paid in 2009.

Budgeting

AEA is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

Current Issues

The AEA has continued to provide training to participating school districts on the services available through the AEA.

Contacting AEA's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of AEA's finances and to reflect the AEA's accountability for the monies it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to Kristy L. Weaks, Treasurer, 1045 Dearbaugh Avenue, Suite 2, Wapakoneta, Ohio 45895.

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2010**

Assets:

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$650,467
--	-----------

Net Assets:

Restricted For:

Other Purposes	1,875
Unrestricted	648,592
Total Net Assets	<u>\$650,467</u>

See accompanying notes to the basic financial statements.

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN NET ASSETS
CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Operating Receipts:	
Charges for Services	\$18,549
Foundation	418,651
Total Operating Receipts	<u>437,200</u>
Operating Disbursements:	
Purchased Services	607,313
Materials and Supplies	4,659
Capital Outlay	4,000
Total Operating Disbursements	<u>615,972</u>
Operating Loss	<u>(178,772)</u>
Non-Operating Receipts:	
Interest	3,542
Grants	59,042
Total Non-Operating Receipts	<u>62,584</u>
Change in Net Assets	(116,188)
Net Assets at Beginning of Year	<u>766,655</u>
Net Assets at End of Year	<u><u>\$650,467</u></u>

See accompanying notes to the basic financial statements.

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE SCHOOL

Auglaize County Educational Academy (AEA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. AEA's objective is to provide education opportunities through a virtual curriculum for students in kindergarten through twelfth grade. AEA, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. AEA may acquire facilities as needed and contract for any services necessary for the operation of the school.

AEA was approved for operation under a contract with the Auglaize County Educational Service Center for a five-year period commencing on the first day of the 2003 academic year. AEA became operational in November 2004. The contract was subsequently renewed for an additional five-year period commencing on July 1, 2008. Auglaize County Educational Service Center is responsible for evaluating the performance of AEA and has the authority to deny renewal of their contract at its expiration. Auglaize County Educational Service Center is also the fiscal agent of AEA with the Treasurer of Auglaize County Educational Service Center performing the role of Treasurer for AEA.

AEA operates under the direction of a six-member Board of Directors made up of the Superintendents from the participating school districts. Auglaize County Educational Service Center does not make up a majority of the Board and cannot impose its will on AEA; therefore, AEA is not a component unit of the Auglaize County Educational Service Center. The Board of Directors is responsible to help create, approve, and monitor AEA's annual budget, develop policies to guide the operation of AEA, and maintain a commitment to the vision, mission, and belief statements of AEA and the children it serves.

During fiscal year 2010, AEA purchased services from the Auglaize County Educational Service Center to provide instructional, professional development, administrative, and curriculum development services for AEA (see Note 7).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of AEA's accounting policies.

A. Basis of Presentation

AEA's basic financial statements consist of a statement of net assets and a statement of receipts, disbursements, and change in net assets.

AEA uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, change in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Basis of Accounting

AEA's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in AEA's financial records and reported on the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, except for Ohio Rev. Code Section 5705.391(A) which requires the school to prepare a five year projection. The contract between AEA and its Sponsor does prescribe an annual budget requirement.

D. Cash and Cash Equivalents

Cash and cash equivalents held by AEA are reflected as "Equity in Pooled Cash and Cash Equivalents" on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2010, the AEA's investments consisted of nonnegotiable certificates of deposit, which are reported at cost.

E. Capital Assets

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

F. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by AEA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. AEA first applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net assets are available.

G. Operating Receipts and Disbursements

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

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the AEA to prepare its annual financial report in accordance with generally accepted accounting principles. However, the AEA prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The Auglaize Educational Academy can be fined and various other administrative remedies may be taken against the Auglaize Educational Academy.

4. DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, AEA will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, none of AEA's bank balance of \$679,976 was exposed to custodial credit risk. AEA has no deposit policy for custodial credit risk beyond the requirements of State statute.

5. RISK MANAGEMENT

AEA 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 2010, AEA had the following insurance coverage provided through the Auglaize County Educational Service Center:

Coverage provided by the Schools of Ohio Risk Sharing Authority is as follows:

General Liability	
Occurrence	\$3,000,000
Aggregate	5,000,000
Automobile Liability	3,000,000
Building and Contents	3,708,365

6. FISCAL AGENT

The agreement with the Auglaize County Educational Service Center states the Treasurer of the Auglaize County Educational Service Center shall serve as the treasurer of AEA. The Treasurer of the Auglaize County Educational Service Center shall perform the following functions while serving as the Treasurer of AEA:

- A. Maintain the financial records of AEA in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;
- B. Comply with the policies and procedures regarding internal financial control of AEA;
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

7. RELATED PARTY TRANSACTIONS/PURCHASED SERVICES

In fiscal year 2010, purchased services were obtained from the Auglaize County Educational Service Center by AEA, in the amount of \$582,641. The amount of these purchased services was as follows:

Purchased Services	Amount
Salaries	\$329,662
Fringe Benefits	102,147
Purchased Services	36,688
Materials and Supplies	46,019
Capital Outlay	63,864
Other	4,261
Total Purchased Service Payments to Related Party	582,641
Purchased Professional Services to outside Vendors	24,672
Total Purchased Services	\$607,313

8. CONTINGENCIES

A. Grants

AEA received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of AEA at June 30, 2010.

B. Litigation

There are currently no matters in litigation with the AEA as a defendant.

C. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The conclusions of this review could result in State funding being adjusted. The AEA was overpaid \$211 in fiscal year 2010 and a refund will be submitted to the Ohio Department of Education.



Dave Yost • Auditor of State

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

Auglaize Educational Academy
Auglaize County
1045 Dearbaugh Ave.
Wapakoneta, Ohio 45895

To the Board of Directors:

We have audited the financial statements of the Auglaize Educational Academy, Auglaize County, (the AEA) as of and for the fiscal year ended June 30, 2010, which collectively comprise the AEA's basic financial statements and have issued our report thereon dated March 31, 2011, wherein we noted the AEA used a comprehensive basis of accounting other than generally accepted accounting principles. 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 AEA'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 AEA's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the AEA'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 Government'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 AEA'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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-01 and 2010-02.

We also noted a certain matter not requiring inclusion in this report that we reported to the management in a separate letter dated March 31, 2011.

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

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

Dave Yost
Auditor of State

March 31, 2011

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2010**

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

FINDING NUMBER 2010-01

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03(B) required the AEA to prepare its annual financial report in accordance with generally accepted accounting principles. However, the AEA prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the AEA may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the AEA should prepare their financial statements according to generally accepted accounting principles.

FINDING NUMBER 2010-02

Noncompliance Citation

Ohio Admin. Code Section 117-6-07(B)(1) requires a community school fiscal officer to execute a bond prior to entering upon the duties of the fiscal officer. The governing authority prescribes the bond amount and surety by resolution.

The AEA contracted with another entity, effective July 1, 2009, to act as the fiscal agent. The treasurer of the entity acting as the AEA's fiscal agent was not bonded. As a result, the AEA could have suffered a loss of money without an efficient method of recourse.

The AEA's Board of Directors should periodically verify that the treasurer employed by the fiscal agent is bonded and that the bond covers the AEA.

OFFICIALS' RESPONSE: We did not receive a response from Officials to the findings reported above.

**AUGLAIZE EDUCATIONAL ACADEMY
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 117.38 and Ohio Admin. Code 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as finding 2010-01.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Auglaize Educational Academy
Auglaize County
1045 Dearbaugh Ave.
Wapakoneta, Ohio 45895

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

1. We noted the Board adopted an anti-harassment policy on February 26, 2006.
2. We read the Policy to determine it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- 6) A procedure for documenting any prohibited incident that is reported;
- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

The policy did not include the following requirement of Ohio Rev. Code Section 3313.666(B):

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 of Directors, and AEA's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

March 31, 2011



Dave Yost • Auditor of State

AUGLAIZE EDUCATIONAL ACADEMY

AUGLAIZE 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
MAY 5, 2011**