



Dave Yost • Auditor of State

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Sciotoville Community School, Scioto 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 opinions.

Opinion

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

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.

Supplementary and Other Information

Our audit was conducted to opine on the School's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 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

April 23, 2014

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

The discussion and analysis of the Sciotoville 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- Net position decreased \$457,682 which was primarily due to current year depreciation exceeding additions and a decrease in unrestricted net position. Unrestricted net position decreased as a result of current year expenses exceeding current year revenues.
- Total assets decreased \$288,904 which was due to current year depreciation exceeding capital asset additions along with a decrease in cash and cash equivalents resulting from current year expenses exceeding current year revenues. In addition, intergovernmental receivables decreased as a result of the loss of one time Education Jobs grant monies.
- Total liabilities increased \$168,778. This was mainly due to an increase in accrued wages and benefits payable. The increase in accrued wages and benefits payable resulted from the School paying insurance premiums later than normal.

Using this Financial Report

This report consists of three parts, Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer the question, "How did we do financially during fiscal year 2013?" These statements are prepared using the economic resources measurement focus. With this measurement focus, all assets and liabilities are reported, both short and long-term. These statements use the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the fiscal year, regardless of when the cash is received or paid.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

Table 1 provides a summary of the School's net position for fiscal year 2013 and fiscal year 2012:

(Table 1)
Net Position

	2013	2012	Increase (Decrease)
Assets:			
Current Assets	\$990,488	\$1,141,590	(\$151,102)
Land	378,902	378,902	0
Depreciable Capital Assets, Net	2,502,966	2,640,768	(137,802)
<i>Total Assets</i>	<u>3,872,356</u>	<u>4,161,260</u>	<u>(288,904)</u>
Liabilities:			
Current Liabilities	653,159	469,950	183,209
Non-Current Liabilities	43,885	58,316	(14,431)
<i>Total Liabilities</i>	<u>697,044</u>	<u>528,266</u>	<u>168,778</u>
Net Position:			
Invested in Capital Assets	2,881,868	3,019,670	(137,802)
Restricted for Other Purposes	500,199	553,367	(53,168)
Unrestricted	(206,755)	59,957	(266,712)
<i>Total Net Position</i>	<u>\$3,175,312</u>	<u>\$3,632,994</u>	<u>(\$457,682)</u>

Total assets decreased \$288,904, which was due to current year depreciation exceeding capital asset additions along with a decrease in cash and cash equivalents resulting from expenses outpacing revenues.

Total liabilities increased \$168,778. This was mainly caused by an increase in accrued wages and benefits payable due to the School paying their June and July insurance premiums after fiscal year-end, which is later than they have been paid in prior fiscal years.

Net position decreased \$457,682, which was due to current year depreciation exceeding current fiscal year capital asset additions, an increase in liabilities, and a decrease in unrestricted net position. Unrestricted net position decreased as a result of current year expenses exceeding current year revenues.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

Table 2 shows the changes in net position for fiscal year 2013 and fiscal year 2012, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2013	2012	Increase (Decrease)
Operating Revenues:			
Extracurricular and Lunchroom Sales	\$60,319	\$124,826	(\$64,507)
Foundation Payments	3,186,537	3,195,434	(8,897)
Charges for Sales and Services	4,083	37,749	(33,666)
Other Revenues	81,393	12,269	69,124
Non-Operating Revenues:			
Federal Donated Commodities	23,712	23,712	0
Federal and State Meal Subsidies	190,623	160,587	30,036
Other Federal and State Grants	478,792	539,549	(60,757)
Interest	0	6,013	(6,013)
Other	19,673	225	19,448
<i>Total Revenues</i>	<u>4,045,132</u>	<u>4,100,364</u>	<u>(55,232)</u>
Operating Expenses:			
Salaries	2,441,199	2,442,498	(1,299)
Fringe Benefits	1,038,397	1,069,493	(31,096)
Purchased Services	424,063	412,477	11,586
Materials and Supplies	218,550	230,841	(12,291)
Cost of Sales	98,523	106,031	(7,508)
Depreciation	149,796	158,180	(8,384)
Other Expenses	132,286	191,827	(59,541)
<i>Total Expenses</i>	<u>4,502,814</u>	<u>4,611,347</u>	<u>(108,533)</u>
Change in Net Position	(457,682)	(510,983)	53,301
<i>Net Position at Beginning of Year</i>	<u>3,632,994</u>	<u>4,143,977</u>	<u>(510,983)</u>
<i>Net Position at End of Year</i>	<u><u>\$3,175,312</u></u>	<u><u>\$3,632,994</u></u>	<u><u>(\$457,682)</u></u>

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

There was a decrease in total revenues of \$55,232, primarily due to decreases in extracurricular and lunch room sales and a reduction in Federal Grants, mostly due to the Education Jobs Grant ending after fiscal year 2012. Overall, there was a decrease in total expenses of \$108,533. However, despite the decrease in expenses compared to fiscal year 2012, expenses again were greater than revenues during fiscal year 2013.

Capital Assets

At the end of fiscal year 2013, the School had \$2,881,868 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles, which represent a decrease of \$137,802 from fiscal year 2012. The decrease was primarily due to current fiscal year depreciation exceeding additions.

For more information on capital assets see Note 5 to the basic financial statements.

Current Issues

On August 8, 2013 the School approved separation with their Treasurer and approved an agreement with the South Central Ohio Educational Service Center to provide full financial services for fiscal year 2014.

Contacting the School's Financial Management

This financial report is designed to provide our citizens 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 information, contact Andrew T. Riehl, Treasurer by calling (740) 354-0234, writing to the Sciotoville Elementary Academy, 224 Marshall Street, Sciotoville, Ohio 45662, or e-mail at ariehl@scoesc.org.

SCIOTOVILLE COMMUNITY SCHOOL

Statement of Net Position

June 30, 2013

Assets:

Current Assets:

Cash and Cash Equivalents	\$572,637
Accounts Receivable	2,719
Intergovernmental Receivables	397,009
Inventory Held for Resale	8,859
Materials and Supplies Inventory	8,989
Prepaid Items	275
Total Current Assets	<u>990,488</u>

Non-Current Assets:

Capital Assets:	
Land	378,902
Depreciable Capital Assets, Net	<u>2,502,966</u>
Total Non-Current Assets	<u>2,881,868</u>

Total Assets 3,872,356

Liabilities:

Current Liabilities:

Accounts Payable	31,294
Accrued Wages and Benefits Payable	510,559
Intergovernmental Payable	87,804
Compensated Absences Payable	10,116
Undistributed Monies	13,386
Total Current Liabilities	<u>653,159</u>

Non-Current Liabilities:

Compensated Absences Payable	<u>43,885</u>
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Total Liabilities 697,044

Net Position:

Invested in Capital Assets	2,881,868
Restricted for Other Purposes	500,199
Unrestricted	<u>(206,755)</u>

Total Net Position \$3,175,312

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL
Statement of Revenues, Expenses and
Changes in Net Position
For the Fiscal Year Ended June 30, 2013

Operating Revenues:	
Extracurricular and Lunchroom Sales	\$60,319
Foundation Payments	3,186,537
Charges for Sales and Services	4,083
Other Revenues	<u>81,393</u>
<i>Total Operating Revenues</i>	<u>3,332,332</u>
Operating Expenses:	
Salaries	2,441,199
Fringe Benefits	1,038,397
Purchased Services	424,063
Materials and Supplies	218,550
Cost of Sales	98,523
Depreciation	149,796
Other Expenses	<u>132,286</u>
<i>Total Operating Expenses</i>	<u>4,502,814</u>
<i>Operating Loss</i>	<u>(1,170,482)</u>
Non-Operating Revenues:	
Federal Donated Commodities	23,712
Federal and State Meal Subsidies	190,623
Other Federal and State Grants	478,792
Other	<u>19,673</u>
<i>Total Non-Operating Revenues</i>	<u>712,800</u>
<i>Change in Net Position</i>	(457,682)
<i>Net Position at Beginning of Year</i>	<u>3,632,994</u>
<i>Net Position at End of Year</i>	<u><u>\$3,175,312</u></u>

See accompanying notes to the basic financial statements

SCIOTOVILLE COMMUNITY SCHOOL
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Customers	\$99,611
Cash Received from Others	90,695
Cash Received from Foundation Payments	3,186,537
Cash Payments to Suppliers for Goods and Services	(677,911)
Cash Payments to Employees for Services	(2,366,235)
Cash Payments for Employee Benefits	(947,261)
Cash Payments to Others	<u>(170,930)</u>

Net Cash Used for Operating Activities (785,494)

Cash Flows from Noncapital Financing Activities:

Other Non-Operating Revenues	21,850
Federal and State Subsidies Received	190,623
Other Federal and State Grants Received	<u>524,141</u>

Net Cash Provided by Noncapital Financing Activities 736,614

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	<u>(11,994)</u>
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Net Decrease in Cash and Cash Equivalents (60,874)

Cash and Cash Equivalents at Beginning of Year 633,511

Cash and Cash Equivalents at End of Year \$572,637
(continued)

SCIOTOVILLE COMMUNITY SCHOOL
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2013
(continued)

**Reconciliation of Operating Loss to Net
Cash Used for Operating Activities:**

Operating Loss	(\$1,170,482)
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**Adjustments to Reconcile Operating
Loss to Net Cash Used for Operating Activities:**

Depreciation	149,796
Donated Commodities Received During the Year	23,712

Changes in Assets and Liabilities:

Decrease in Accounts Receivable	35,225
Decrease in Prepaid Items	9,483
Increase in Accounts Payable	10,188
Increase in Accrued Wages and Benefits Payable	185,262
Increase in Intergovernmental Payable	3,784
Decrease in Compensated Absences Payable	(19,162)
Decrease in Undistributed Monies	(13,300)

<i>Total Adjustments</i>	384,988
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<i>Net Cash Used for Operating Activities</i>	(\$785,494)
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Non-Cash Transactions:

During fiscal year 2013, the School received \$23,712 in donated commodities.

See accompanying notes to the basic financial statements

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Sciotoville Community School (the "School") is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through 12. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. Sciotoville Community School qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax exempt status.

On May 1, 2011, the Thomas B. Fordham Institute signed a contract with the School to be the School's Sponsor effective July 1, 2011. On May 30, 2013 the Board of Directors approved a two year renewal agreement for the period of July 1, 2013 through June 30, 2015. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a five-member Board of Directors. The Board members are elected at-large by the citizens of the community for staggered four-year terms. The Board of Directors 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 qualifications of teachers. The Board of Directors controls the School's three support facilities staffed by 30 classified and 46 certificated full-time teaching personnel who provide services to 433 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School consists of all funds, departments, boards, and agencies that are not legally separate from the School. For the Sciotoville Community School, this includes general operations, food service, and student related activities of the School.

Component units are legally separate organizations for which the School is financially accountable. The School is financially accountable for an organization if the School appoints a voting majority of the organization's governing board and (1) the School is able to significantly influence the programs or services performed or provided by the organization; or (2) the School is legally entitled to or can otherwise access the organization's resources; the School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School in that the School approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School. The Sciotoville Elementary Academy (the "Academy"), which began operations July 1, 2008, is governed by the same Board of Directors as the Sciotoville Community School. Therefore, for financial reporting purposes, it is combined with the financial statements of the Sciotoville Community School. Separate financial statements for the Sciotoville Community School may be obtained by contacting Andrew T. Riehl, Treasurer by calling (740) 354-0234, writing to the Sciotoville Community School, 224 Marshall Street, Sciotoville, Ohio 45662, or e-mail at ariehl@scoesc.org.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sciotoville Community School have been prepared in conformity with generally accepted account principles (GAAP) as applied to governmental nonprofit units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

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.

During the fiscal year, the School segregates transactions related to certain School functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For financial reporting, the School uses a single enterprise fund presentation.

Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

Measurement Focus

The accounting and financial reporting treatment of the School's financial transactions is determined by the School's measurement focus. Enterprise fund accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows provides information about how the School finances and meets its cash flow needs.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. Basis of accounting relates to the timing of the measurements made. The School's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Expenses are recognized at the time they are incurred.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

Cash and Cash Equivalents

The School's Business Manager accounts for all monies received by the School. The School maintains a non-interest bearing depository account and all funds of the School are maintained in this account. This account is presented on the Statement of Net Position as "Cash and Cash Equivalents". For purposes of the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased by the School are considered to be cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the fiscal year in which services are consumed.

Inventory

Inventory is stated at lower of cost or market on a first-in, first-out basis. Inventories consist of donated and purchased food held for resale, as well as supplies, all of which are expensed when used.

Capital Assets

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) 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 for all capital assets other than computers. The capitalization threshold for computers is \$500. 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 capitalized.

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

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description	Estimated Lives
Land Improvements	15 - 20 years
Buildings and Improvements	15 - 50 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	5 - 10 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for employees with at least five years of current service for all positions (including certified and non-certified staff).

Net Position

Net Position represents the difference between total assets and total liabilities. Net investment in capital assets consists 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 adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include food service and federal and State grants restricted to expenditures for specified purposes.

The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the School. These revenues consist of certain intergovernmental revenues and sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

Intergovernmental Revenues

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

3. CASH DEPOSITS

At June 30, 2013, the carrying amount of all Sciotoville Community Schools deposits was \$572,637 and the bank balance was \$623,809. Based on the criteria described in GASB Statement 40, "Deposit and Investments Risk Disclosure," as of June 30, 2013, none of the bank balance was exposed to custodial risk as discussed below, as the entire bank balance was covered by the Federal Deposit Insurance Corporation or was collateralized.

Custodial credit risk is the risk that, in the event of a bank failure, the Sciotoville Community School will not be able to recover deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Sciotoville Community School.

4. RECEIVABLES

Receivables at June 30, 2013, consist of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Title I Grants to Local Educational Agencies (Title I)	\$214,585
Improving Teacher Quality Grant (Title II-A)	20,080
Race to the Top Grant	64,235
Special Education Grants to States (Part B-IDEA)	93,905
High Schools That Work Grant	4,204
Total Intergovernmental Receivables	<u><u>\$397,009</u></u>

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/12	Additions	Deletions	Balance 6/30/13
Capital Assets Not Being Depreciated:				
Land	\$378,902	\$0	\$0	\$378,902
Capital Assets Being Depreciated:				
Land Improvements	161,265	0	0	161,265
Buildings and Improvements	2,659,782	0	0	2,659,782
Furniture, Fixtures and Equipment	890,090	8,494	0	898,584
Vehicles	27,450	3,500	0	30,950
Total Capital Assets				
Being Depreciated	3,738,587	11,994	0	3,750,581
Less Accumulated Depreciation:				
Land Improvements	(51,589)	(8,602)	0	(60,191)
Buildings and Improvements	(513,534)	(54,180)	0	(567,714)
Furniture, Fixtures and Equipment	(512,388)	(85,744)	0	(598,132)
Vehicles	(20,308)	(1,270)	0	(21,578)
Total Accumulated Depreciation	(1,097,819)	(149,796)	0	(1,247,615)
Total Capital Assets				
Being Depreciated, Net	2,640,768	(137,802)	0	2,502,966
Total Capital Assets, Net	\$3,019,670	(\$137,802)	\$0	\$2,881,868

6. RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School contracted with Cincinnati Insurance Company for general liability, property insurance, and educational errors and omissions insurance through its broker Sherman Kricker Insurance Company.

Settled claims have not exceeded the commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

Workers' Compensation

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

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

7. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at 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 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$70,337, \$60,785, and \$58,399, respectively. For fiscal year 2013, 98.82 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

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 system. 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 can 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 Web site at www.strsoh.org.

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 multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

7. DEFINED BENEFIT PENSION PLANS (Continued)

A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 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.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$234,686, \$240,485, and \$250,590, respectively. For fiscal year 2013, 82.95 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

There were no contributions made to STRS Ohio for the DC Plan for fiscal year 2013. In addition, member contributions of \$3,381 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan, with \$4,733 contributed by the School.

8. POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School paid \$9,372 in surcharge.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

8. POSTEMPLOYMENT BENEFITS (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$8,977, \$10,750, and \$18,385, respectively. For fiscal year 2013, 98.82 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$3,973, \$3,590, and \$3,758, respectively. For fiscal year 2013, 98.82 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

State Teachers Retirement System of Ohio

Plan Description – The School participates in the cost-sharing multiple-employer defined benefit Health 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$18,053, \$18,499, and \$19,276, respectively. For fiscal year 2013, 82.95 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

9. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation benefits are derived from policies and procedures approved by the Board of Directors. Non-certified employees earn 10 to 20 days of vacation per fiscal year, depending upon their length of service. Accumulated unused vacation time is paid to non-certified employees upon termination of employment up to a maximum payment of 50 days. Teachers do not earn vacation.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

9. EMPLOYEE BENEFITS (Continued)

Teachers, administrators, and non-certified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 215 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation for those employees with five years of continuous service and who apply and qualify for retirement under SERS or STRS Ohio.

Insurance Benefits

The School provides dental, prescription, and medical/surgical benefits to most employees through Medical Mutual of Ohio and life insurance through Fort Dearborn. The School also provides vision benefits to most employees through Vision Service Plan.

Deferred Compensation

School employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

10. LEASES - LEASEE DISCLOSURE

The Sciotoville Elementary Academy leases land and a gymnasium from the Sciotoville Christian Church under an operating lease. Operating lease payments are reported as operating expenses on the financial statements. Total operating lease payments in fiscal year 2013 were \$9,000. The Academy is obligated under the lease agreement to pay \$9,000 in fiscal year 2014.

11. LONG-TERM OBLIGATIONS

The changes in the School's long-term obligations during fiscal year 2013 were as follows:

	Amount Outstanding 6/30/12	Additions	Deductions	Amount Outstanding 6/30/13	Current Portion
Long-Term Obligations	\$73,163	\$0	\$19,162	\$54,001	\$10,116
Compensated Absences	\$73,163	\$0	\$19,162	\$54,001	\$10,116

12. CONTINGENCIES

Grants

The School received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2013.

Litigation

The School is not party to any legal proceedings.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

12. CONTINGENCIES (Continued)

State 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 result of these reviews for fiscal year 2013 was not available; therefore no payable or receivable was included in the School's financial statements.

13. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the School has implemented Governmental Accounting Standard Board (GASB) *Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 61, "Financial Reporting Entity: Omnibus," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62."*

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School's financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. The implementation of this statement did not result in any change in the School's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this statement did not result in any change in the School's financial statements.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School's financial statements.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

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

14. RELATED PARTY TRANSACTIONS

On May 14, 2012 the Sciotoville Elementary Academy approved a promissory note agreement with the Sciotoville Community School whereby the Sciotoville Community School promised to pay to the order of the Sciotoville Elementary Academy the sum of \$30,000. Sciotoville Elementary Academy made the expenditure of \$30,000 to the Sciotoville Community School on August 28, 2012. The Sciotoville Community School was to pay no interest and the agreement included terms for repayment which included monthly payments until the full loan is repaid. As of June 30, 2013, no amounts have been repaid to the Sciotoville Elementary Academy. Also during fiscal year 2013, the Sciotoville Elementary Academy paid \$22,806 to the Sciotoville Community School for custodial services. As indicated in Note 1, the Sciotoville Elementary Academy is considered a component unit of the Sciotoville Community School.

15. SUBSEQUENT EVENTS

On August 8, 2013 the Board of Directors approved separation with the Treasurer and approved an agreement with the South Central Ohio Educational Service Center to provide full financial services for fiscal year 2014.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2012/2013	10.555	\$ 11,145	\$ 11,145
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	54,994	54,994
National School Lunch Program	2012/2013	10.555	144,916	144,916
Cash Assistance Subtotal			<u>199,910</u>	<u>199,910</u>
Total Child Nutrition Cluster			211,055	211,055
Fresh Fruit and Vegetable Program	2012/2013	10.582	<u>6,250</u>	<u>6,250</u>
Total U.S. Department of Agriculture			217,305	217,305
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2012 2013	84.010	38,935 <u>180,515</u>	27,249 <u>258,753</u>
Total Title I Grants to Local Educational Agencies			219,450	286,002
ARRA- Title I Grants to Local Educational Agencies	2012	84.389	<u>32,215</u>	<u>0</u>
Total Title I Cluster			251,665	286,002
Special Education - Grants to States (IDEA, Part B)	2012 2013	84.027	17,593 <u>97,344</u>	14,861 <u>89,195</u>
Total Special Education Grants to States (IDEA, Part B)			114,937	104,056
Improving Teacher Quality State Grants	2011 2012	84.367	(1,349) <u>1,349</u>	0 <u>1,467</u>
Total Improving Teacher Quality State Grants			0	1,467
ARRA - Race to the Top	2012 2013	84.395	20,870 <u>34,287</u>	14,193 <u>33,752</u>
Total ARRA - Race to the Top			55,157	47,945
Education Jobs Fund	2012	84.410	<u>82,564</u>	<u>22,687</u>
Total U.S. Department of Education			<u>504,323</u>	<u>462,157</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 721,628</u>	<u>\$ 679,462</u>

The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of the Schedule.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

NOTE C - FOOD DONATION PROGRAM

The School reports commodities consumed on the Schedule at the entitlement value. The School allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - TRANSFER BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School transferred the following amounts from 2012 to 2013:

Sciotoville Community School Program Title	CFDA Number	Amount Transferred from 2012 to 2013
Special Education Grants to States (IDEA, Part B)	84.027	\$4,372
Title I Grants to Local Educational Agencies	84.010	31,329

Sciotoville Elementary Academy Program Title	CFDA Number	Amount Transferred from 2012 to 2013
Improving Teacher Quality State Grants	84.367	\$1,349
Special Education Grants to States (IDEA, Part B)	84.027	1,930
Title I Grants to Local Educational Agencies	84.010	4,609



Dave Yost • Auditor of State

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

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

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 Sciotoville Community School, Scioto 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 April 23, 2014.

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 opinions 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 and Questioned Costs 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 and Questioned Costs 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

Entity's Response to Findings

The School's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School's responses and, accordingly, we express no opinion on them.

Purpose of the 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.



Dave Yost
Auditor of State

Columbus, Ohio

April 23, 2014



Dave Yost • Auditor of State

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

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Sciotoville Community School's (the School) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Sciotoville Community School's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings and Questioned Costs identifies the School's major federal programs.

Management's Responsibility

The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School's compliance for each of the School's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School's major programs. However, our audit does not provide a legal determination of the School's compliance.

Basis for Qualified Opinion on Title I, Part A Cluster and Special Education Grants to States (IDEA, Part B)

As described in Findings 2013-002 through 2013-008 in the accompanying Schedule of Findings and Questioned Costs, the School did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2013-002	84.010 and 84.389 84.027	Title I, Part A Cluster Special Education Grants to States (IDEA, Part B)	Single Audit Filing
2013-003	84.010 and 84.389 84.027	Title I, Part A Cluster Special Education Grants to States (IDEA, Part B)	Schedule of Federal Awards Receipts and Expenditures
2013-004	84.010 and 84.389	Title I, Part A Cluster	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
2013-005	84.010 and 84.389 84.027	Title I, Part A Cluster Special Education Grants to States (IDEA, Part B)	Cash Management
2013-006	84.010 and 84.389	Title I, Part A Cluster	Eligibility
2013-007	84.010 and 84.389	Title I, Part A Cluster	Matching, Level of Effort and Earmarking
2013-008	84.010 and 84.389 84.027	Title I, Part A Cluster Special Education Grants to States (IDEA, Part B)	Period of Availability

Compliance with these requirements is necessary, in our opinion, for the School to comply with the requirements applicable to these programs.

Qualified Opinion on Title I, Part A Cluster and Special Education Grants to States (IDEA, Part B)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I, Part A Cluster and Special Education Grants to States (IDEA, Part B)* paragraph, Sciotoville Community School complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each its *Title I, Part A Cluster and Special Education Grants to States (IDEA, Part B)* Programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003 through 2013-009 to be material weaknesses.

The School's responses to our internal control over compliance findings are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 23, 2014

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**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – Title I, Part A Cluster – CFDA #84.010 & #84.389 Qualified – Special Education Grants to States (IDEA, Part B) – CFDA # 84.027
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Title I, Part A Cluster – CFDA #84.010 & #84.389 Special Education Grants to States (IDEA, Part B) – CFDA # 84.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2013-001

Noncompliance Citation/Material Weakness

Ohio Admin. Code Section 117-2-01(D)(3) and (5) state that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Ohio Admin. Code Section 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Accurate monthly reconciliations of the ending bank account balance to the Sciotoville Community School and Sciotoville Elementary Academy's ending book balances were not performed during the audit period by the Treasurer for the General Operating Accounts. As a result, proof of cash procedures were performed through November 2013 to identify reconciliation adjustment items and differences between the Sciotoville Community School and Sciotoville Elementary Academy's reconciliation balance and accounting system current fund balance. While performing these procedures, the following conditions were identified:

Sciotoville Community School

- Bank charge not timely posted as an expenditure to the accounting system
- Returned item on bank statement not timely posted to the accounting system
- Memorandum expenditures posted to correct errors for as far back as three months prior
- September 2012 check voided in accounting system which cleared the bank account and not posted to the accounting system via memorandum expenditure until December 2012
- Sequence of checks totaling \$23,953 cleared the bank account during November 2012 - January 2013 but were not posted to the accounting system and represented checks of the Sciotoville Elementary Academy which was corrected in February 2013 by a transfer from the Sciotoville Elementary Academy general operating account to the Sciotoville Community School general operating account
- Check # 13561 to Reliastar Life Insurance Company cleared the bank account in January 2013 and was not posted to the accounting system
- Numerous differences were identified between amounts posted to the accounting system for transfer to payroll account activity and amounts which actually cleared the bank account
- April 2013 bank analysis charge in the amount of \$1,417 was not posted to the accounting system
- Check # 13904 to Medical Mutual of Ohio in the amount of \$48,351 cleared the bank account but was indicated as void in the accounting system

**FINDING NUMBER 2013-001
(Continued)**

- Sequence of checks totaling \$27,633 cleared the bank account but were not posted to the accounting system which was corrected by a check from the Sciotoville Elementary Academy general operating account to the Sciotoville Community School general operating account.
- Sciotoville Community School bank account at November 30, 2013 included \$57,023 belonging to the Elementary Academy as a result of a June 2013 check which cleared the Sciotoville Elementary Academy general operating bank account in the amount of \$57,023 that was not posted to the accounting system but was deposited into the Sciotoville Community School's general operating account. The Sciotoville Community School payroll account was switched to a zero balancing account in August 2013 and the \$57,023 was included in the Sciotoville Community School's general operating account. The amount of \$57,023 was corrected in the bank accounts on February 7, 2014.

Total differences through November 2013 identified amount to \$55,680 of which \$57,023 related to the Sciotoville Elementary Academy check deposited into the Sciotoville Community School payroll account which when excluded from the total difference of \$55,680 results in a net difference in the amount of (\$1,343). The amount of \$57,023 was corrected in the bank accounts on February 7, 2014. Amounts were corrected in the accounting system on January 31, 2014.

Sciotoville Elementary Academy

- Check posted to Sciotoville Elementary Academy's accounting system which cleared bank in a difference amount
- Checks which cleared bank but not timely or easily determined to be posted to the accounting system
- Errors in posting memorandum expenditure activity relating to state foundation receipts
- Memorandum expenditures posted to correct errors for as far back as three months prior
- Various differences between amounts posted for transfer to payroll account activity and amounts which actually cleared the bank
- Sequence of numerous checks being cleared / reconciled in the accounting system totaling \$23,953 which actually cleared the general operating account of the Sciotoville Community School and were corrected via a transfer from the Sciotoville Elementary Academy general operating bank account to the Sciotoville Community School general operating account.
- Corporate Account Analysis bank charge not posted to the Sciotoville Elementary Academy's accounting system
- Check which cleared the bank in the amount of \$57,023 which was not posted to the Sciotoville elementary Academy's accounting system. A copy of the check indicated the item was a transfer to the payroll account; however, the amount did not trace to the Sciotoville Elementary Academy's payroll account, but rather traced to the payroll account of the Sciotoville Community School.

**FINDING NUMBER 2013-001
(Continued)**

- Additional sequences of checks totaling \$27,633 which actually cleared the general operating account of the Sciotoville Community School which was corrected via a check from the Sciotoville Elementary Academy general operating account to the Sciotoville Community School general operating account.
- Checks were outstanding for longer than a six month period of time in which the check was on hand / available for several of the outstanding items.

Total differences identified through November 2013 amounted to \$57,511, of which \$57,023 related to the Academy's "transfer" check to the payroll account which was actually deposited into the Sciotoville Community School's payroll account. The amount of \$57,023 was corrected in the bank accounts on February 7, 2014. The difference of \$488 was posted to the accounting system on January 31, 2014.

In addition, payroll account reconciliations were not provided for the audit period for the Sciotoville Community School or the Sciotoville Elementary Academy. This could result in cumbersome reconciliations and errors in the account going undetected for an extended period of time. Further, the Sciotoville Community School outstanding payroll check listing included numerous checks outstanding for longer than a six month period of time.

These conditions not only increase the likelihood of accounting errors, but increase the risk that fraud or theft may occur and not be detected. Also, increased audit fees were incurred due to proof of cash procedures being required and requested to be performed to identify reconciling items and differences.

As a result, we make the following recommendations:

- We recommend that accurate reconciliations of the Sciotoville Community School and Sciotoville Elementary Academy's bank accounts be performed by the Treasurer on a monthly basis. Any reconciling items should be documented and investigated to prevent unsupported adjustments from being recorded.
- We recommend the Sciotoville Community School and Sciotoville Elementary Academy Treasurer maintain accurate listings of outstanding checks and deposits and to follow up on items which have been outstanding for an extended period of time to ensure that proper credit is given to the Academy for outstanding deposits, outstanding deposits are properly supported, and outstanding checks are voided and paid into an unclaimed monies fund or reissued.
- We recommend that the monthly bank reconciliations be reviewed and approved by the Sciotoville Community School and Sciotoville Elementary Academy Board of Directors as part of their monthly Board Meetings and signed or initialed by the Board Members to evidence Board of Director review and approval.
- We recommend the payroll account be reconciled by the Sciotoville Community School and Sciotoville Elementary Academy Treasurer or an appointed individual on a monthly basis. The Sciotoville Community School and Sciotoville Elementary Academy Treasurer should follow up on and correct long outstanding items found in the payroll account.

Officials' Response:

We understand the importance of bank reconciliations. Since my appointment as Treasurer, bank reconciliations have been completed and will continue to be completed in a timely and efficient manner.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2013-002

Finding Number	2013-002
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389 Special Education Grants to States (IDEA, Part B) – CFDA # 84.027
Federal Award Number / Year	2012/2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation – Single Audit Filing

OMB Circular Number A-133, Subpart C, Section __.300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, OMB Circular Number A-133, Subpart B, Section __.200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, Section __.300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the fiscal year end).

Although an annual federal single audit for the year ended June 30, 2012 was performed, it was not submitted to the Single Audit Clearinghouse before the deadline of March 30, 2013.

We recommend the Community School submit the annual financial report to the Single Audit Clearinghouse within nine months of the fiscal year end.

FINDING NUMBER 2013-003

Finding Number	2013-003
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389 Special Education Grants to States (IDEA, Part B) – CFDA # 84.027
Federal Award Number / Year	2012/2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

**FINDING NUMBER 2013-003
(Continued)**

Noncompliance Citation and Material Weakness – Schedule of Federal Awards Receipts and Expenditures

OMB Circular Number A-133, Subpart C, §.300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

During current year testing of the School's Federal Schedule, we noted the following:

Sciotoville Community School

- 2012 Special Education Grants to States CFDA # 84.027 Carryover Cash on Hand Adjustment in the amount of \$4,372 was not posted to the School's accounting system.
- 2012 Title One Grants to Local Educational Agencies CFDA # 84.010 Carryover Cash on Hand Adjustment in the amount of \$31,329 was not posted to the School's accounting system.
- The School's fund listing included numerous old grant funds with both positive and negative balances.
- The School received Resident Educator Program Race to the Top CFDA # 84.395 monies which were separate from their Fiscal Year allocations. These monies were posted to the funds and special cost centers established for the ARRA Race to the Top fiscal year allocations and separate funds and special cost centers were not established to track the activity.
- A July 2013 payment to the Ohio Department of Education indicated as Education Jobs refund was posted to the FY 2012 ARRA Race to the Top Fund.
- Child Nutrition Cluster CFDA # 10.553 / 10.555 and Fresh Fruit and Vegetable Program CFDA # 10.582 were not included on the School's Schedule of Federal Awards Receipts and Expenditures which was prepared by the School's Treasurer.

Sciotoville Elementary Academy

- 2012 Special Education Grants to States CFDA # 84.027 Carryover Cash on Hand Adjustment in the amount of \$1,930 was not posted to the School's accounting system
- 2012 Improving Teacher Quality State Grants CFDA # 84.367 Carryover Cash on Hand Adjustment in the amount of \$1,349 was not posted to the School's accounting system
- 2012 Title One Grants to Local Educational Agencies CFDA # 84.010 Carryover Cash on Hand Adjustment in the amount of \$4,609 was not posted to the School's accounting system
- The School's fund listing includes numerous old grant funds with both positive and negative balances.
- The School received Resident Educator Program Race to the Top CFDA # 84.395 monies which were separate from their Fiscal Year allocations. These monies were posted to the funds and special cost centers established for the ARRA Race to the Top fiscal year allocations and separate funds and special cost centers were not established to track the activity.

**FINDING NUMBER 2013-003
 (Continued)**

In addition, see Finding Number 2013-009 which added further difficulty in testing the Sciotoville Community School's Federal Schedule. Where applicable, the Schedule of Federal Awards Receipts and Expenditures has been adjusted to reflect these items.

We recommend the Sciotoville Community School and Sciotoville Elementary Academy Treasurer perform the following:

- Establish separate grant funds and special cost centers to track each separate grant
- Take due care in posting receipts to ensure amounts are posted to the proper grant fund
- Properly post adjustments when carryover cash is transferred to the upcoming grant year
- Review old grant funds with balances to determine whether amounts are owed to the state or back to the school's general fund
- Establish procedures to ensure the Schedule of Federal Awards Receipts and Expenditures includes all required activity

FINDING NUMBER 2013-004

Finding Number	2013-004
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation, Material Weakness and Questioned Cost – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

OBM Circular A-87 (codified in 2 C.F.R. Part 225) establishes principles and standards for determining allowable direct and indirect for Federal awards. OMB Circular A-87, Appendix A, paragraph C.1 outlines the guidance for costs to be allowable under Federal awards. It states costs must meet the following general criteria to be allowable:

- (a) Be necessary and reasonable for the performance and administration of Federal awards.
- (b) Be allocable to Federal awards under the provisions of A-87.
- (c) Be authorized or not prohibited under State or local laws or regulations.
- (d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- (e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

**FINDING NUMBER 2013-004
(Continued)**

- (f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.
- (h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.
- (i) Be net of all applicable credits.
- (j) Be adequately documented.

Also, for a cost to be allowable, it must be for a purpose the specific award permits.

During the testing of the Title I Grants to Local Educational Agencies Federal Program, costs were identified that were not reasonable to be paid from the program based on the guidelines stated above. We identified an employee's salary and benefits that were charged to the Title I Grants to Local Educational Agencies that was determined to be unallowable. We identified a supplemental contract to serve as special education coordinator which was paid from Title I Grants to Local Educational Agencies funds. This is not considered an allowable cost for the Title I Grants to Local Educational Agencies program. The total salary paid in fiscal year 2013 was \$8,462 with estimated related fringe benefits of \$1,307. The total amount of \$9,769 is considered a questioned cost for the Title I Grants to Local Educational Agencies Program.

Also during testing of the Title I Grants to Local Educational Agencies Federal Program, we identified a memo entry posted in August 2013 to increase wages for the 2013 grant in the amount of \$1,340; however, no supportive documentation was on file to determine whom the costs were related to and we were unable to identify any individuals who could have been charged to the grant for this amount. As a result, \$1,340 is not considered allowable and is considered a questioned cost for the Title I Grants to Local Education Agencies Program.

This represents total questioned costs in the amount of \$11,109 (\$9,769 + \$1,340).

We recommend the Community School review the federal guidance associated with allowable costs cost principles and ensure all monies spent for the Community School's Federal programs are within those parameters.

FINDING NUMBER 2013-005

Finding Number	2013-005
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389 Special Education Grants to States (IDEA, Part B) – CFDA # 84.027
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness – Cash Management

34 CFR 80.21 (c) states grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. 34 C.F.R 80.20(b)(7) states in part that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

Ohio Department of Education CCIP Note #284 states all cash requests must be compliant with the provisions of the Cash Management Improvement Act (34 CFR 80.21). To receive approval consideration, cash requests must be made *for immediate needs for the month requested*. Ohio Department of Education Project Cash Request Instructions state payments must be requested as needed and for immediate cash needs. Funds may be requested for a maximum of one (1) month plus any negative cash balance. To comply with the “Cash Management Act” 31 CFR part 205, the time elapsed between the receipt and disbursement of funds must be minimized; this includes any draw down of project funds by June 30. Funds MUST be expended within the period of time for which cash is requested

We noted during testing of Project Cash Request Forms (PCR) several areas of deficiencies related to the draw down process that resulted in an inability to determine what balances the Community School was maintaining for each grant or if monies were being spent timely. They are as follows:

- For the Title I Grants to Local Educational Agencies program, five out of the six cash requests tested for fiscal year 2013 receipts reported incorrect expenditure amounts. For the Special Education Grants to States program, six out of nine cash requests tested for fiscal year 2013 receipts reported incorrect expenditure amounts. The Community School was drawing down more funds than they needed. As a result of this, at the end of each grant year, the Community School had to get an approved "Cash Carryover Amount" from the Ohio Department of Education. This was money they had drawn down for one grant year, but never spent which resulted in the need for obtaining Ohio Department of Education approval to carry the funds over to the next grant year.
- Instances were noted where the carryover amount approved by the Ohio Department of Education was never properly removed from the old grant cost center in the accounting system and moved to the new grant year cost center which made it difficult to know how much money was on hand for each grant year.
- Expenditures were not properly posted and maintained in the correct cost centers throughout the year which made it difficult to determine when expenditures actually occurred and against which grants. As a result, cash balances in the system were incorrect resulting in inaccurate monitoring and reporting for cash management purposes.

**FINDING NUMBER 2013-005
 (Continued)**

- Supporting documentation was not maintained for the receipts and expenditures reported on the project cash requests which resulted in errors going undetected.

Due to the deficiencies noted above, we do not feel the Sciotoville Community School maintained procedures to ensure that monies were being spent in a timely manner (i.e., by the end of the month or within 30 days of receipt, whichever occurs earlier) and we were unable to determine if funds were timely spent. However, also due to these deficiencies noted above, we were not able to compute the amount of imputed interest that may have been earned by the State of Ohio due to the nature of the cash management records maintained by the Community School.

We recommend the Community School utilize the Ohio Department of Education's guidance on cash management for federal programs to liquidate its monies as quickly as possible to meet A-133 requirements. We further recommend the Community School Treasurer properly complete project cash request forms and monitor federal funds closely to ensure the cash management compliance guidelines are met in the future. In addition, the Community School Treasurer should maintain supporting documentation for receipts and disbursements reported to Ohio Department of Education.

FINDING NUMBER 2013-006

Finding Number	2013-006
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness – Eligibility

20 USC 6314(a) provides that local educational agencies allocate Title I, Part A funds to eligible school attendance areas based on the number of children from low-income families residing within the attendance area. A school at or above 40 percent poverty may use its Part A funds, along with other Federal, State, and local funds, to operate a schoolwide program to upgrade the instructional program in the whole school. Otherwise, a school operates a targeted assistance program in which the school identifies students who are failing, or most at risk of failing, to meet the State's challenging student academic achievement standards and who have the greatest need for assistance.

The determination for eligibility to be schoolwide is completed during the Comprehensive Consolidated Improvement Plan (CCIP) application process that has been implemented by the Ohio Department of Education. During the application process, the school must input their adjusted enrollment information and their low income student information to determine the low income student percentage. If the 40% requirement is met, the school is permitted to operate a schoolwide program.

For the fiscal year 2013 grant application for both the Sciotoville Community School and the Sciotoville Elementary Academy, the Community School Treasurer did not input the correct attendance information. The amounts reported were the same as the figures reported in the prior year (FY2012) application.

The information was not current and should not have been used for the determination. The figures used in the CCIP were as follows:

**FINDING NUMBER 2013-006
 (Continued)**

Sciotoville Community School

Number of Adjusted Enrollment - 352; Number of low income students - 246; for a result of 69.89%

Sciotoville Elementary Academy

Number of Adjusted Enrollment -147; Number of low income students -113; for a result of 76.87%

The correct figures that should have been used are as follows:

Sciotoville Community School

Number of Adjusted Enrollment -316; Number of low income students - 238; for a result of 75.3%

Sciotoville Elementary Academy

Number of Adjusted Enrollment - 121; Number of low income students - 88; for a result of 72.7%

Although if the proper figures had been used, the Community Schools would have still qualified to be schoolwide, the information input into the application was inaccurate and could have resulted in a schoolwide program being run in error and the Community Schools receiving funds which they were not eligible to receive.

We recommend the Community School ensure the information input in the CCIP application is accurate and derived from the correct records. Further, supporting documentation should be maintained for all information input into the CCIP.

FINDING NUMBER 2013-007

Finding Number	2013-007
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness – Level of Effort: Supplement and not Supplant

Title I, Part A, Section 1114(a)(2) of ESEA (20 USC 6314(a)(2)); 34 CFR sections 200.25(c) and (d)) states that in a Title I schoolwide program, a school is not required to provide supplemental services to identified children. A school operating a schoolwide program does not have to (1) show that Federal funds used within the school are paying for additional services that would not otherwise be provided; or (2) demonstrate that Federal funds are used only for specific target populations. Such a school, however, is required to use funds available under Title I and any other Federal programs to supplement the total amount of funds that would, in the absence of the Federal funds, be made available from non-Federal sources for that school, including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency.

When a comparison was done of the final expenditures made from Title I Grants to Local Educational Agencies funds for the 2012 and 2013 grants, the following was noted for the Sciotoville Community School grants:

**FINDING NUMBER 2013-007
 (Continued)**

Line Item	FY 2012	FY 2013	Difference:
Salaries	\$126,261	\$149,664	\$23,403
Fringe Benefits	45,882	69,829	23,947
Purchased Services	0	729	729
Supplies	6,727	5,353	(1,374)
Capital Outlay	1,440	0	(1,440)
Total:	\$180,310	\$225,575	\$45,265

This comparison indicated that additional Title I Grants to Educational Agencies monies were spent in fiscal year 2013. The salary increase was justified in that a new employee was hired to provide additional services. The employee was not previously paid from the local funds and as a result the salary amount was not considered an issue of supplanting. The significant increase in the fringe benefit amount was the result of health insurance benefits of Title I Grants to Educational Agencies employees being paid for several months from the General Fund in fiscal year 2012, but in fiscal year 2013, they were paid entirely from the Title I Grants to Educational Agencies funds. This did implicate that some supplanting may have occurred since costs that were paid from the General Fund in 2012 were paid from the Title I Grants to Educational Agencies funds in 2013.

We recommend the Community School monitor its expenditures from Title I Grants to Educational Agencies funds as well as all federal funds to ensure monies spent are only used to supplement services provided and not supplant those already paid for by local funds.

FINDING NUMBER 2013-008

Finding Number	2013-008
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389 Special Education Grants to States (IDEA, Part B) – CFDA # 84.027
Federal Award Number / Year	2012/2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation and Material Weakness – Period of Availability

2013 OMB Compliance Supplement, Part 3, provides guidance stating federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period.

In Ohio, programs included in the Ohio Department of Education's Consolidated Application have a project period starting with the application substantially approved date through June 30.

FINDING NUMBER 2013-008
(Continued)

Title I Grants to Local Educational Agencies

During testing of the Title I Grants to Local Educational Agencies program, we noted the Sciotoville Elementary Academy fiscal year 2012 grant application had an initial substantially approved date of July 1, 2011 and a project end date of June 30, 2012. The Elementary Academy charged \$2,688 in Title I Grants to Local Educational Agencies expenditures to this program during fiscal year 2013 which were outside of this stated period of availability. This cost was related to three employees who were paid on August 31, 2012 for their new fiscal year 2013 contract which is outside of the available period for the fiscal year 2012 grant. However, we netted this amount against costs of \$1,250 which the Community School Treasurer erroneously omitted from the expenditure amounts reported on the Final Expenditure Report for the fiscal year 2012 grant. The Community School Treasurer had incorrectly coded an employee to the fiscal year 2011 grant cost center in the accounting system and because of this the cost was omitted from the amounts reported on the fiscal year 2012 Final Expenditure Report.

Special Education Grants to States

During testing of the Special Education Grants to States program, we noted several issues with payments outside of the available period. These items total \$5,748 and the instances were as follows:

- Sciotoville Community School fiscal year 2012 grant application had an initially approved date of July 1, 2011 and a project end date of June 30, 2012. The Community School charged \$3,891 in expenditures to this program during fiscal year 2013 that were outside of this stated period of availability. These expenditures resulted from an August 31, 2012 payroll which represented the fiscal year 2013 contract and was subsequently moved from the fiscal year 2012 cost center to the cost center for the fiscal year 2013 grant.
- Sciotoville Elementary Academy fiscal year 2012 grant application had an initially approved date of July 1, 2011 and a project end date of June 30, 2012. The Elementary Academy charged \$521 in expenditures to this program during fiscal year 2013 that were outside of this stated period of availability. These expenditures resulted from an August 31, 2012 payroll which represented the fiscal year 2013 contract and was subsequently moved from the fiscal year 2012 cost center to the cost center for the fiscal year 2013 grant.
- Sciotoville Elementary Academy fiscal year 2013 grant application had an initially approved date of July 26, 2012 and a project end date of June 30, 2013. The Elementary Academy charged \$1,336 in expenditures to this program during fiscal year 2014 that were outside of this stated period of availability. These expenditures related to payroll amounts deemed related to the fiscal year 2014 contract.

Failure to obligate federal expenditures within the approved period of availability could result in unallowable expenditures or activities being funded with federal funds.

We recommend the Sciotoville Community School Treasurer monitor federal expenditures to ensure all amounts charged to federal programs are made in a timely fashion and obligated within the proper period of availability as outlined in the grant application.

FINDING NUMBER 2013-009

Finding Number	2013-009
CFDA Title and Number	Title I, Part A Cluster – CFDA # 84.010 & # 84.389 Special Education Grants to States (IDEA, Part B) – CFDA # 84.027
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Material Weakness – Grant Accountability

Several deficiencies were noted while testing select major federal programs. We have listed each deficiency below based on the type of deficiency:

A. Lack of Monitoring/Coordination of Federal Programs

The School had a curriculum coordinator who they rely on to go to trainings related to federal programs and monitor federal compliance requirements. However, during the audit period, the coordinator was not provided any type of financial information to allow her to monitor the activity in the federal funds. Further, she was not made aware of which individual were being paid from the federal funds and was also unaware of some purchases made with federal funds. This makes it difficult if not impossible for the curriculum coordinator to monitor federal funds and to have input on whether disbursements are allowable to be paid from the federal grant. Unallowable expenditures could result in questioned costs (See Finding Number 2013-004).

We recommend the Community School begin providing financial information to the curriculum coordinator to allow for proper monitoring of federal programs. We further recommend the Community School involve the curriculum coordinator in approving all purchases that involve federal funds and determining which employees are to be paid from each federal program.

B. Posting of Funds

We noted when monies were approved to be carried over from one grant year to the next, the revenues which were already received were never moved from one grant year's cost center to the next grant year's cost center. Without posting these revenues into the proper cost center, proper monitoring cannot be performed to determine information such as how much federal monies are available at any time or the true cash balance of the grant. This makes it difficult to properly complete and fill out the project cash request (PCR) forms and results in an inability to account for amounts received and properly monitor the balances of the grants for cash management purposes. In addition, this could lead to unallowable expenditures being made with the incorrectly posted funds.

We recommend the Community School Treasurer ensure all monies received for a certain grant be posted in the proper fund and related cost center to allow for proper monitoring and tracking of funds. We further recommend that when a carryover is approved for a grant in which funds have already been received, these funds should be timely moved to the proper grant year's cost center.

**FINDING NUMBER 2013-009
(Continued)**

C. System for Maintaining Records

While testing federal programs, we found the Community School Treasurer did not utilize a centralized location/system for maintaining information concerning the various grants received by the Community School. For example, a separate file was not maintained for each grant which included the various information and correspondence surrounding the grant or funding. This makes it difficult to provide support and evidence for grant activity and monitoring.

We recommend the Community School Treasurer utilize a central location / system for all grants received by the Community School. This system should include maintaining a separate file for each type of grant which includes the following: correspondence from granting / oversight agencies; guidelines for administering the grant; assurances made to the granting/oversight agencies; cash requests with supporting documentation attached; and final expenditure reports with supporting documentation.

D. Proper Utilization of Cost Centers

We noted the Community School did not properly utilize the special cost centers to track expenditures for all Community School grants and funds. There were several instances where expenditures were being posted to the incorrect cost center (i.e. - prior fiscal year) and resulted in improper reporting to their granting agencies or subsequent correcting entries being required to correct activity. This could result in difficulty monitoring grant compliance for such items and period of availability, cash management and various reporting requirements. The Community School should utilize cost centers to separately track each grant year. This will allow for monitoring of each year and allow for proper reporting to their granting agencies.

We recommend the Community School monitor activities to ensure that posting of expenditures are made to the correct special cost center and utilize this system to perform all reporting to their granting agencies.

E. Manual Correcting Entries

We noted during testing of the federal programs that multiple adjusting/correcting entries were made to the federal programs during the year and after year end. The Community School Treasurer did not maintain any type of support for these adjustments to explain what the entries were related to or based upon. Without maintaining some type of supporting documentation for adjusting entries, the process to determine what those entries relate to can become time consuming and cumbersome and can result in Federal questioned costs if the reasoning behind the entries cannot be determined. We noted instances during our testing where adjusting entries were made that over/understated federal expenditures and the amounts on the federal schedule had to be adjusted for these or the costs could not be supported and thus resulted in questioned costs (See Finding Number 2013-004).

We recommend that detailed supporting documentation be maintained for any type of adjusting/correcting entry posted to federal programs.

Officials' Response:

The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools.

Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future.

FINDING NUMBER 2013-009
(Continued)

In speaking specifically to the various federal citations, etc: All of the “old” grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.

**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .315(B)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Difference Corrective Action Taken; or Finding No Longer Valid; Explain
2012-01	Ohio Rev. Code Section 121.22 regarding no official minute record existing for March through June 2012 as of November 15, 2012.	Yes	
2012-02	Noncompliance citation and material weakness relating to errors and deficiencies in the Federal Awards Receipts and Expenditures Schedule.	No	Not Corrected. Reissued as Finding Number 2013-003.
2012-03	Questioned cost, noncompliance citation and material weakness relating to period of availability for the Title I, Part A Cluster – CFDA # 84.010 and 84.389 in which expenditures were charged that were outside the period of availability.	No	Not Corrected. Reissued as Finding Number 2013-008.
2012-04	Questioned cost and material weakness relating to reporting for the Title I, Part A Cluster – CFDA # 84.010 and 84.389 as a result of some amounts reported not agreeing to the accounting records and support not being provided for some expenditures.	No	Not Corrected. See Finding Numbers 2013-004 and 2013-005.
2012-05	Noncompliance citation and material weakness relating to special tests and provisions – ARRA separate accountability for the Title I, Part A Cluster – CFDA # 84.010 and 84.389 as a result of a separate fund not being established to the activity of the related grants.	No	Not Corrected. See Finding Numbers 2013-003 and 2013-009.
2012-06	Significant deficiency for the Education Jobs Fund – CFDA # 84.410 resulting from not creating a separate fund to track the activity of the Sciotoville Elementary Academy's Education Jobs grant and budget versus actual comparisons revealing that funds were left unutilized.	No	Not Corrected. See Finding Numbers 2013-003 and 2013-009.

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**SCIOTOVILLE COMMUNITY SCHOOL
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	We understand the importance of bank reconciliations. Since my appointment as Treasurer, bank reconciliations have been completed and will continue to be completed in a timely and efficient manner.	FY 2014	Andrew T. Riehl, Treasurer
2013-002	The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.	FY 2014	Andrew T. Riehl, Treasurer
2013-003	The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.	FY 2014	Andrew T. Riehl, Treasurer

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-004	<p>The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.</p>	FY 2014	Andrew T. Riehl, Treasurer
2013-005	<p>The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.</p>	FY 2014	Andrew T. Riehl, Treasurer

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-006	<p>The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.</p>	FY 2014	Andrew T. Riehl, Treasurer
2013-007	<p>The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.</p>	FY 2014	Andrew T. Riehl, Treasurer

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-008	<p>The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.</p>	FY 2014	Andrew T. Riehl, Treasurer
2013-009	<p>The Sciotoville Community Schools in August of 2013 entered into a contract with the South Central Ohio ESC to provide fiscal services to the Community Schools. Since that time, the ESC has performed a complete and systematic overhaul of the fiscal operations of the Sciotoville Community Schools. It is our hope that the implementation of these new procedures has/will correct many of these issues now and in the future. In speaking specifically to the various federal citations, etc: All of the "old" grants have been cleaned up, zeroed out and carryover posted where appropriate. All grants are maintained and reviewed frequently to ensure grant guidelines/requirements are being followed (ie – allowable within approved budgets, period of availability, etc). Grant files include support for amounts input into the CCIP with respect to low income and ADM numbers.</p>	FY 2014	Andrew T. Riehl, Treasurer



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Sciotoville Community School
Scioto County
224 Marshall Avenue
Sciotoville, Ohio 45662

To the Board of Directors:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board of Directors, solely to assist the Board of Directors in evaluating whether the Sciotoville 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 of Directors. 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 of Directors amended its anti-harassment policy at its meeting on October 22, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

Ohio Rev. Code Section 3313.66 required the Board of Directors to amend its policy by November 4, 2012.

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 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

April 23, 2014

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242

Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

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SCIOTOVILLE COMMUNITY SCHOOL

SCIOTO 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 13, 2014**