

# **Comprehensive Annual Financial Report**

For the Year Ended June 30, 2014



**CLIFF PARK HIGH SCHOOL**  
Springfield, Ohio





# Dave Yost • Auditor of State

Board of Directors  
Cliff Park High School  
821 N. Limestone St.  
Springfield, OH 45503

We have reviewed the *Independent Auditor's Report* of the Cliff Park High School, Clark County, prepared by Rea & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Cliff Park High School is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

May 1, 2015

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CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014

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# Introductory Section



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Springfield, Ohio 45503

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(937) 322-2944 (F)  
[www.cliffparkhs.org](http://www.cliffparkhs.org)

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December 31, 2014

Cliff Park High School Community  
Members of the Board of Directors

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Cliff Park High School (the School) for the fiscal year ended June 30, 2014. The CAFR is designed to assist and guide the reader in understanding its contents. The report consists of three major sections:

Introductory Section The Introductory Section includes the Transmittal Letter, a list of our Board members, organizational chart, and GFOA Certificate of Achievement.

Financial Section The Financial Section consists of the Independent Auditor's Report, Management's Discussion and Analysis, and the Basic Financial Statements as well as the Notes to the Basic Financial Statements that provide an overview of the School's financial position and operating results.

Statistical Section The Statistical Section includes selected financial and demographic information about the School on a multi-year basis.

The School's management is responsible for the reliability of the data presented and the completeness of the presentation, including all disclosures. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

Further, the School has established a comprehensive framework of internal controls that is designed to compile sufficient reliable information for the preparation of its financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the School's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

Ohio law requires independent audits be performed on all financial operations of the School either by the Auditor of State or an independent public accounting firm in accordance with generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS). Rea & Associates, Inc. rendered an opinion on the School's financial statements as of June 30, 2014 and the Independent Auditor's Report on the Basic Financial Statements is included in the Financial Section herein.

As required by GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", management is also responsible for preparing a discussion and analysis of the School. This Letter of Transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it. This discussion follows the Independent Auditor's Report and provides an assessment of the School's finances for fiscal year 2014 and the outlook for the future.

### Profile of the Government

Ohio charter schools began operating after the passage of a 1997 State law. Charter schools, commonly referred to as “community schools” in Ohio, are public, non-profit, non-sectarian schools established to operate independently of any School District. These schools also are exempt from many of the education laws of the State allowing them to bring innovation and efficiency to the traditional education model. More importantly, the passage of this law made the concept of school choice a reality in Ohio. As required by law, each of these community schools must have a sponsor. Effective July 1, 2010, the School entered into a contract with a sponsor, St. Aloysius Orphanage and was revised on July 1, 2013. St. Aloysius Orphanage provides oversight and advisory services to 43 community schools throughout the State serving over 10,000 children.

Cliff Park High School is a School that brings an innovative approach to addressing the high school dropout epidemic head on. This alternative high school program offers at-risk students ages 16-21 years old an opportunity to have a second chance at obtaining a quality education and vocational training and placement. Participation in this program leads students to a high school diploma, not a GED and places them on a path to success. The School, which first opened its doors in August 2002 in Springfield, Ohio is run by an seven member Board of Directors. The School looks to its nearly twelfth-year history of consistently graduating students from its program twice a year as a measure of its success. The School has contracted with Midwest Education Partners, LLC, dba Cambridge Education Partners (Cambridge) to operate the School on a day-to-day basis. Cambridge Education Partners is an Education Services Provider with offices in Florida and Akron, Ohio. The company has collectively led the development and launch of over 75 schools based on three different school models. The Company has managed the School since July 1, 2013.

### Economic Issues

Since the enactment of community school legislation, the School has been funded solely on the per pupil funding set forth by State of Ohio (see Statistical Section for historical funding levels). Historically, the School has seen an increase in the base level per pupil funding amount. However, this amount is still less than the amount that traditional school districts in the State receive per pupil, primarily because community schools are not authorized by statute to levy taxes in the communities that they operate in. By comparison, the Springfield City School District receives over \$13,000 in average per pupil funding from all sources whereas the School (which is also located in the City of Springfield) receives only \$9,598 from all sources. These disparities in funding are in part, the reason why contracting with a professional educational management firm like Cambridge Education Partners was an attractive option. By managing multiple schools, the Company is able to gain operational efficiencies that are more difficult to achieve in a stand-alone school. In July 2013, the School entered into agreement with its new management team, Cambridge Education Partners (See Note 7 for a full description of services provided by Cambridge.)

As discussed later, the School was funded on 109 full-time equivalent students for fiscal year 2014. As of the date of this letter, it is expected that the School will maintain that enrollment with the possibility of a slight decline consistent with declines seen in other community schools throughout the State. Obviously, any decline in enrollment would have a direct corresponding impact to current year revenues.



Awards and Acknowledgements

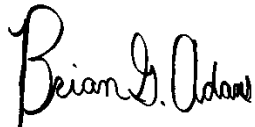
The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Cliff Park High School (formerly Life Skills Center of Springfield) for its CAFR for the year ended June 30, 2013. The School has received the award annually since 2004. The School was also acknowledged by the Ohio Department of Education as being one of the first community schools in the State to ever receive such an award. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and effectively organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report, which is included herein, will conform to the high standards required by the Certificate of Achievement program.

The Comprehensive Annual Financial Report was prepared by the fiscal management team for the School. Their commitment to this process has helped to make this report possible. We would also like to thank Mr. Hale and other members of the Board of Directors and Finance Committee for their support in this endeavor. It is truly appreciated.

Finally, we would like to thank our School community for entrusting us with the education of your children. You are the reason we are here. We are committed to bettering our students, their parents, and the communities we serve by providing the very best alternative in public education.

Sincerely,



Brian G. Adams MBA, CMA, CFM  
Fiscal Officer/Internal Auditor  
Cliff Park High School



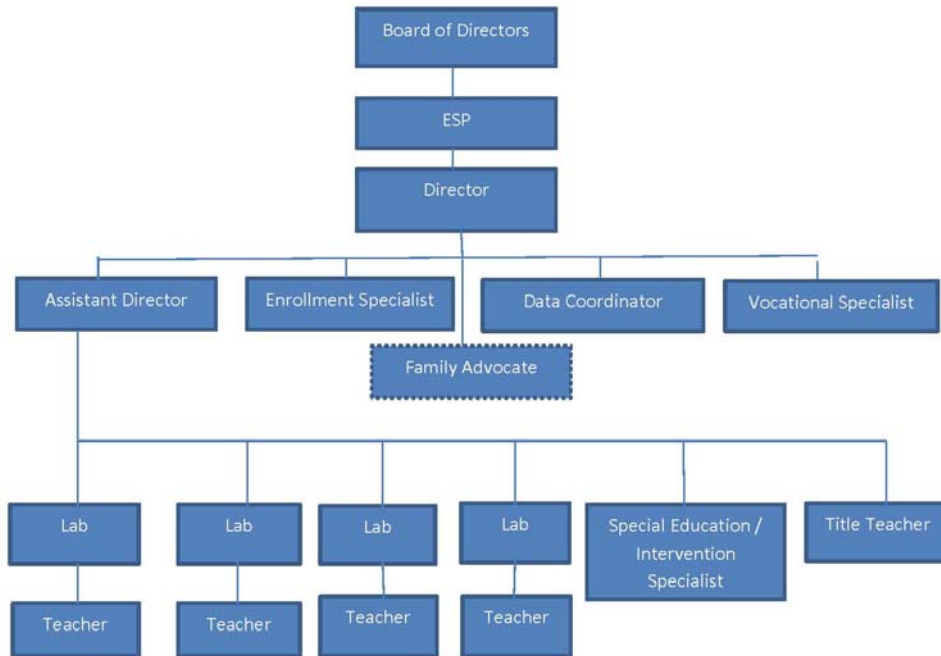
Rodney Hale  
President, Board of Directors  
Cliff Park High School

Cliff Park High School  
Board of Directors  
June 30, 2014

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Rodney Hale	Board President
Fredrick Shuemake	Board Member
Deborah Dorsey	Board Member
Robert McIntosh	Board Member
Kelly Goettsche	Board Member
Nicole Barnes	Board Member
Bridgette Stephenson	Board Member

# Organizational Chart



\*Optional Based on School Size



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Cliff Park High School  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# Financial Section

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December 31, 2014

To the Board of Directors  
Cliff Park High School  
Clark County, Ohio  
821 N. Limestone St.  
Springfield, OH 45503

## INDEPENDENT AUDITOR'S REPORT

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Cliff Park High School, Clark County, Ohio (the "School") as of and for the year ended June 30, 2014, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with 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 that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.

*Kea & Associates, Inc.*

Medina, Ohio



**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Unaudited)**

The discussion and analysis of the Cliff Park High School's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- In total, net position decreased \$196,235, which represents a 206.5 percent decrease from 2013. The decrease is the result of the decreased operational revenues and increased operating expenses.
- Total assets increased \$210,286, which represents a 119.5 percent increase from 2013. This was primarily due to an increase in capital assets.
- Liabilities increased \$406,521, which represents a 502.2 percent increase from 2013. The increase in liabilities is the result of new current and long term debt arising from the need to lease capital assets

**Using this Financial Report**

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

The School uses enterprise presentation for all of its activities.

**Statement of Net Position**

The Statement of Net Position answers the question of how the School did financially during 2014. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, 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 year, regardless of when the cash is received or paid.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Unaudited)**

Table 1 provides a summary of the School's net position for fiscal years 2014 and 2013.

(Table 1)  
**Statement of Net Position**

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current Assets	\$ 172,926	\$ 175,990
Capital Assets, Net	213,350	-
Total Assets	386,276	175,990
<b>Liabilities</b>		
Current Liabilities	320,942	80,953
Long Term Liabilities	166,532	-
Total Liabilities	487,474	80,953
<b>Net Position</b>		
Net Investment in Capital Assets	(2,076)	-
Unrestricted	(99,122)	95,037
Total Net Position	\$(101,198)	\$ 95,037

Total assets increased \$210,286, which represents a 119.5 percent increase from 2013. This was primarily due to an increase in capital assets due to leasehold improvements for the new location. Liabilities increased \$406,521, which represents a 502.2 percent increase from 2013. The increase in liabilities is a direct result of short and long term debt arising from the need to lease capital assets.

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

Table 2 shows the changes in net position for fiscal years 2014 and 2013, as well as a listing of revenues and expenses. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Unaudited)**

(Table 2)  
**Change in Net Position**

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues</b>		
State Aid	\$ 871,616	\$ 1,103,471
Casino Aid	5,977	2,910
Facilities Funding	9,982	-
<b>Non-Operating Revenue</b>		
Grants	158,523	169,050
Interest Income	63	267
Total Revenues	<u>1,046,161</u>	<u>1,275,698</u>
<b>Operating Expenses</b>		
Purchased Services: Salaries and Benefits	503,556	-
Purchased Services: Management Fees	131,513	1,024,017
Purchased Services: Grant Programs	-	169,050
Supplemental Education Services	-	1,850
Sponsorship Fees	27,263	34,538
Legal	35,065	47,824
Auditing & Accounting	34,646	26,676
Other Professional Services	134,919	-
Other Purchased Services	155,264	-
Insurance	-	1,453
Board of Education	-	19,269
Supplies	39,306	-
Equipment and Furniture	110,269	-
Depreciation	37,650	-
Miscellaneous	22,488	3,048
<b>Non-Operating Expenses</b>		
Interest and Fiscal Charges	10,457	-
Total Expenses	<u>1,242,396</u>	<u>1,327,725</u>
Change in Net Position	<u>\$ (196,235)</u>	<u>\$ (52,027)</u>

The primary reason for the decrease in overall revenues from 2013 was the decrease in state aid revenues from decreased enrollment. Due to the change and structure of the management company, the school is responsible for most expenses. The most significant expense, "Purchased Services – Salaries and Wages" increased from the previous year, as well as "Purchased Services – Management Fees" decreasing due to the agreement with the new management company. As stated previously, the agreement provides that specific percentages of the revenues received by the School will be paid to Cambridge to fund operations. (See Notes to the Basic Financial Statements, Note 7)

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Unaudited)**

**Budgeting Highlights**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the Community School's contract with its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process. However, the School has developed a one year spending plan and a five-year projection that is reviewed periodically by the Board of Directors. The five-year projections are also submitted to the Sponsor and the Ohio Department of Education.

**Capital Assets**

At the end of fiscal year 2014 the School had \$213,350 capital assets reported. See Note 16 for a description of assets.

**Debt**

At the end of fiscal year 2014 the school had \$215,426 in outstanding capital lease. See note 13 for further information.

**Current Financial Issues**

The Cliff Park High School received revenue for 109 students in 2014 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries. The School receives its support almost entirely from State Aid. Per pupil revenue from State Aid for the School averaged \$8,143 in fiscal year 2014. The School receives additional revenues from grant subsidies.

On July 1, 2005, the School contracted with the Saint Aloysius Orphanage as its sponsor. State law allows sponsors to assess the schools up to 3 percent of State revenues as an oversight fee. In June 2010, the School extended its contract with SAO through June 30, 2013. The school renewed its agreement with SAO in June 2013 for an additional two years ending in June 2015.

**Contacting the School's Financial Management**

This financial report is designed to provide our readers 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 Brian G. Adams, Fiscal Officer for the Cliff Park High School, 65 E. Wilson Bridge Road, Worthington, OH 43085 or e-mail at [badams@ocscitd.com](mailto:badams@ocscitd.com).

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**STATEMENT OF NET POSITION  
JUNE 30, 2014**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 116,103
Grants Funding Receivable	48,586
Retirement System Receivable	<u>8,237</u>

Total Current Assets 172,926

Noncurrent Assets

Depreciable Capital Assets, net 213,350

Total Non-Current Assets 213,350

**Total Assets** 386,276

**LIABILITIES**

Current Liabilities

Accounts Payable	19,421
State Funding Payable	37,147
Continuing Fees Payable	215,480
Capital Lease Payable, Due within one year	<u>48,894</u>

Total Current Liabilities 320,942

Long-Term Liabilities:

Capital Lease Payable, Due in more than one year 166,532

**Total Liabilities** 487,474

**NET POSITION**

Net Investment in Capital Assets (2,076)  
Unrestricted (99,122)

**Total Net Position** \$ (101,198)

See accompanying notes to the basic financial statements

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**OPERATING REVENUES**

State Aid	\$ 871,616
Casino Aid	5,977
Facilities Funding	<u>9,982</u>
 Total Operating Revenues	 <u>887,575</u>

**OPERATING EXPENSES**

Purchased Services: Salaries and Benefits	503,556
Purchased Services: Management Fees	131,513
Sponsorship Fees	27,263
Legal	35,065
Auditing and Accounting	34,646
Other Professional Services	134,919
Other Purchased Services	155,264
Supplies	39,306
Equipment and Furniture	110,269
Depreciation	37,650
Other Operating Expenses	<u>22,488</u>
 Total Operating Expenses	 <u>1,231,939</u>

**Operating Loss** (344,364)

**NON-OPERATING REVENUE / (EXPENSES)**

Grants	158,523
Interest and Fiscal Charges	(10,457)
Interest Income	<u>63</u>

**Total Non-Operating Revenue and Expenses** 148,129

**Change in Net Position** (196,235)

**Net Position Beginning of Year** 95,037

**Net Position End of Year** \$ (101,198)

See accompanying notes to the basic financial statements

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

**CASH FLOWS FROM / (USED FOR) OPERATING ACTIVITIES**

Cash Received from State of Ohio	\$ 887,575
Cash Payments to Suppliers for Goods and Services	(1,011,434)
	<hr/>
Net Cash Used For Operating Activities	(123,859)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Proceeds from Short Term Issuance	99,682
Principal Payments – Short Term Issuance	(99,682)
Interest Payments – Short Term Issuance	(4,318)
Cash Received from Grants	110,975
	<hr/>
Net Cash Provided by Non Capital Financing Activities	106,657

**CASH FLOWS FROM / (USED FOR) CAPITAL FINANCING ACTIVITIES**

Cash Payments for Interest and Fiscal Charges	(6,139)
Cash Payments for Principal Payments	(35,572)
	<hr/>
Net Cash Used For Capital Financing Activities	(41,711)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash Received from Interest on Investments	63
	<hr/>

Net Decrease in Cash and Cash Equivalents (58,850)

Cash and Cash Equivalents Beginning of Year 

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 174,953

Cash and Cash Equivalents End of Year \$ 116,103

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

Operating Loss \$ (344,364)

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

Depreciation	37,650
Changes in Assets and Liabilities:	
Accounts Payable	12,663
Grants Funding Payable	(1,337)
State Funding Payable	37,146
Continuing Fees Payable	142,620
Retirement System Payable	(8,237)
	<hr/>

Net Cash Used For Operating Activities \$ (123,859)

**Non-Cash Transaction:** The School entered into a capital lease in the amount of \$251,000 during the fiscal year.

See accompanying notes to the basic financial statements

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**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

Cliff Park High School (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with Midwest Education Partners, LLC, a Florida limited liability company, for most of its functions. Midwest Education Partners, LLC, a Florida limited liability company ("MEP") d/b/a Cambridge Education Partners is the sole member of Cliff Park High School and is the entity with which the School's board interacts regarding day-to-day operations (See Note 7)

The School was originally approved for operation under contract with the Ohio State Board of Education for a period of five years from May 16, 2000 through June 30, 2005. Effective July 1, 2005, House Bill 364 required schools sponsored by the Ohio Department of Education to have new sponsorship in place by June 30, 2005. The School signed a contract with Saint Aloysius Orphanage (Sponsor), to operate for a period from July 1, 2005 through June 30, 2013. In June 2013, the School extended its contract with SAO through June 30, 2015.

The School operates under a self-appointing, seven-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, 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 School began operations in August 2002 and has one instructional/support facility, which is leased by the Board. The facility is staffed with teaching personnel employed by Board, who provide services to 109 students. The Board also operates and serves on the Marshall High School in the City of Middletown.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The School's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in net positions, financial position and cash flows.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation (Continued)**

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflow of resources and all liabilities and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total Net Position. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**C. Budgetary Process**

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2014. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

**D. Cash and Cash Equivalents**

All cash received by the School is maintained in a demand deposit account and STAROhio. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Position, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

During fiscal year 2014, investments were limited to the State Treasurer's Investment Pool, STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2014.

**E. Intergovernmental Revenues**

The School currently participates in the State Foundation Program, the State Disadvantaged Pupil Impact Aid (DPIA) Program, and the Career Based Intervention (CBI) Program, which are reflected under "State,, Facility and Casino Aid" on the Statement of Revenues, Expenses and Changes in Net Position. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Intergovernmental Revenues (Continued)**

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. Amounts awarded under the above programs for the 2014 school year totaled \$1,046,098.

**F. Capital Assets and Depreciation**

For purposes of recording capital assets, the Board has a capitalization threshold of \$5,000.

For fiscal year 2014, the Schools' capital assets were fully depreciated. The School's capital assets consisted of computers and software with a book value of \$213,350. Depreciation is computed by the straight-line method over three years for "Computers and Equipment," and 20 years for "Leasehold Improvements."

**G. Use of Estimates**

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**H. Net Position**

Net position represents the difference between assets and liabilities. Net position consists of unrestricted net position and net investment in capital assets.

**I. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily State and Casino Aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**3. DEPOSITS AND INVESTMENTS**

**A. Deposits with Financial Institutions**

At June 30, 2014, the carrying amount of all School deposits was \$116,053 and its bank balance was \$133,249. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, none of the School's bank balance of \$133,249 was exposed to custodial risk as discussed below. All of the bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

The investment and deposit of the School's monies is governed by the provisions of the ORC. In accordance with these statutes, the School is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit and STAR Ohio.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School has no deposit policy for custodial credit risk beyond the requirements of state statute. According to state law, public depositories must give security for all public funds on 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 School. State law does not require security for public deposits and investments to be maintained in the School's name. During 2014, the School and public depositories complied with the provisions of these statutes.

**B. Investments**

As of June 30, 2014, the School had the following investments and maturities:

<u>Investment Type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>Greater than 12 months</u>
STAROhio	\$50	\$50	\$ -	\$ -

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School's investment policy limits investment portfolio maturities to five years or less. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2014, is 51 days.

**Credit Risk:** The School's investments at June 30, 2014 in StarOhio are rated AAAM by Standard & Poor's.

**Concentration of Credit Risk:** The School places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School at June 30, 2014:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent to Total</u>
STAROhio	\$50	100.00

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**4. GRANTS FUNDING RECEIVABLE**

The School has recorded "Grants Funding Receivable" in the amount of \$48,586 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2014.

**5. CONTINUING FEES PAYABLE**

Under the terms of the management agreement with Midwest Education Partners, dba Cambridge Education Partners, (see note 7) a related "Continuing Fees Payable" in the amount of \$215,480 has been recorded by the School for any State and Federal monies unpaid to Cambridge as of June 30, 2014.

**6. RISK MANAGEMENT**

Property and Liability - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with Cambridge, the School has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (See Note 7). There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years.

Director and Officer - Coverage has been purchased by the School with a \$1,000,000 aggregate limit and a \$2,500 deductible.

**7. AGREEMENT WITH MIDWEST EDUCATION PARTNERS**

Effective July 1, 2013, the School entered into a multi-year Management Agreement (Agreement) with Midwest Education Partners, LLC, a Florida limited liability company dba Cambridge Education Partners, LLC, which is an educational consulting and management company. The Agreement's term will run through two academic school years ending June 30, 2015 unless terminated by either party. Thereafter, the agreement will automatically renew for additional successive three (3) year terms. Substantially most functions of the School have been contracted to Cambridge. Cambridge is responsible and accountable to the School's Board of Directors for the administration and day-to-day operations. As part of the terms of this agreement, the "Continuing Fee" percentage of the School is 16 percent provided however, however, that if the Schools' enrollment falls below 120 students as documented in the on the year end FTE Report, then the fee shall decrease to 14 percent . For FY 14, the fee was 14%. "Continuing Fees" are defined in the Agreement as the Schools Qualified Gross Revenues, "...the revenue per student received by the School from the State of Ohio Department of Education pursuant to Title 33 and other provisions of the Ohio Revised Code...". With regard to grant funding, the agreement reads as follows: "Federal Title Programs, lunch programs revenue, and other such federal, state and local government grant funding designated to compensate the school for the education of its students shall be maintained by the School." Qualified Gross Revenue does not include facilities funding from any source, charitable contributions, proceeds from fundraisers, casino revenue, or fees charged to students. The continuing fee is paid to Cambridge based on the previous month's qualified gross revenues.

The Board shall be responsible for paying fees to its Authorizer pursuant to the Charter plus its own directors and officers insurance, Facility payments, the Board's other contractual obligations, if any, and its own legal ,accounting, auditing and professional fees. Company acknowledges that pursuant to Ohio law, Company's State Teachers Retirement System ("STRS") and State Employees Retirement System ("SERS") contributions on behalf of the Company employees employed at the School will be withheld by the State of Ohio.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**7. AGREEMENT WITH MIDWEST EDUCATION PARTNERS (continued)**

The School had purchased service expenses for the year ended June 30, 2014, to Cambridge of \$635,069, with payables to Cambridge of \$215,480 at June 30, 2014. Cambridge is responsible for all costs incurred in providing the educational program at the School, which include but are not limited to, salaries and benefits of all personnel, curriculum materials, textbooks, library books, computers and other equipment, software, supplies, maintenance, capital, and insurance.

**8. DEFINED BENEFIT PENSION PLANS**

The School has contracted with Cambridge to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to each of the systems noted below: (See Note 7)

**A. School Employees Retirement System**

**Plan Description** – The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plans. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://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 a statutory maximum amount by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B and Health Care Fund) of the System. For the fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10 percent. The remaining .90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$15,665, \$10,918, and \$8,665, respectively, which equaled the required contributions each year. However, a receivable has been recorded on the financials from SERS in the amount of \$1,364, for overpayments.

**B. State Teachers Retirement System**

**Plan Description** – The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is 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, which may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://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 times a percentage that varies based on years of service, or an allowance based on member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor.

**CLIFF PARK HIGH SCHOOL  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System (Continued)**

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 or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** - For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2014, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$46,825, \$46,349, and \$46,619, respectively, of which 100% has been contributed, however, a receivable has been recorded in the amount of \$6,873. The above is the latest information available.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2014, there were no members that elected Social Security. The contribution rate is 6.2 percent of wages.

**CLIFF PARK HIGH SCHOOL  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement Systems**

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

**Medicare Part B**

Medicare B plan reimburse Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS.

The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part premium or the current premium. The Medicare Part B premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement for retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund, For fiscal 2014, the actuarial required allocation is .74 percent. The Schools' contributions for the years ended June 30, 2014, 2013, and 2012 were \$839, \$619, and \$512, respectively, which equaled the required contributions each year.

**Health Care Plan**

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .16%. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned.

Statutes provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For the fiscal year June 30, 2014, the minimum compensation level was established at \$20,525. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Schools' contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$1,897, \$1,438, and \$2,001, respectively.



**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years, Medicare eligibility, and retirement status.

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

**B. State Teachers Retirement System**

**Plan Description** – The School contributes to 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. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$3,602, \$3,565, and \$3,586, respectively, all of which has been contributed for all fiscal years.

**10. CONTINGENCES**

**A. Grants**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

**B. Full Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment 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 conclusions of this review could result in state funding being adjusted. Adjustments to the state funding received during fiscal year 2014 have been calculated and booked in the amount of \$37,147 as State Funding Payable.

**11. FEDERAL TAX STATUS**

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**12. SPONSORSHIP FEES**

The School contracted with Saint Aloysius Orphanage as its sponsor effective July 1, 2005. The School pays the Sponsor three percent of the State Aid. Total fees expense for fiscal year 2014 is \$27,263.

On July 1, 2005, the School contracted with the Saint Aloysius Orphanage as its sponsor. State law allows sponsors to assess the schools up to 3 percent of State revenues as an oversight fee. In June 2010, the School extended its contract with SAO through June 30, 2013. The school renewed its agreement with SAO in June 2013 for an additional two years ending in June 2015.

**13. CAPITAL LEASE OBLIGATIONS**

The school entered into a capitalized lease for the acquisition of equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefit and risk of ownership to the lessee. This capital lease has been recorded as a capital asset at the present value of the minimum lease payments as of the inception date. The capital lease is recorded as leasehold improvements of \$251,000. The School paid \$35,572 in principal and \$6,139 in interest for the fiscal year ended June 30, 2014. \$48,894 of principal payments are due in fiscal year 2015.

Fiscal Year	Capital Lease
2015	\$ 55,614
2016	55,614
2017	55,614
2018	55,614
2019	4,635
Total	227,091
Less: Amount Representing Interest	(11,665)
Present Value of minimum payments	\$ 215,426

**14. CHANGE IN ACCOUNTING PRINCIPLES**

For 2014, the School has implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The implementation of GASB Statement No. 65 did not have an effect on the financial statements of the School.

**CLIFF PARK HIGH SCHOOL  
CLARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014  
(Continued)**

**15. SHORT TERM OBLIGATIONS**

A summary of short-term obligations for the school at June 30, 2014, is as follows:

Charter School Capital - In February 2014, the school entered into an agreement with Charter School Capital to borrow against its future foundation payments. The amount borrowed was \$99,682. Total principal payments made during fiscal year end were \$99,682. The terms of the loan are amounts borrowed are to be repaid over the course of the next three, months. Total interest paid was \$4,318. The imputed interest rate is 18% per annum.

	<b>Principal Outstanding</b>			<b>Principal Outstanding</b>
	<b>6/30/2013</b>	<b>Additions</b>	<b>Reductions</b>	<b>6/30/2014</b>
Charter School Capital	\$ -	\$ 99,682	\$ (99,682)	\$ -

**16. CAPITAL ASSETS AND DEPRECIATION**

For the year ended June 30, 2014, the School's capital assets consisted of the following:

	<b>Balance 06/30/13</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 06/30/14</b>
<b>Capital Assets Being Depreciated</b>				
Leasehold Improvements	\$ -	\$ 251,000	\$ -	\$ 251,000
<b>Total Assets Being Depreciated</b>	-	251,000	-	251,000
<b>Less: Accumulated Depreciation</b>				
Leasehold Improvements	-	(37,650)	-	(37,650)
<b>Total Assets Being Depreciated</b>	-	(37,650)	-	(37,350)
<b>Capital Assets Being Depreciated, Net</b>	\$ -	\$ 213,350	\$ -	\$ 213,350

# Statistical Section

# STATISTICAL SECTION

This part of the **Cliff Park High School's** comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the School's overall financial health. This school has presented ten years of statistical data due to the fact that the school began operations in 2002.

## Contents

### ***Financial Trends***

This schedule contains trend information to help the reader understand how the School's overall expenses by class compared with the expenditure per pupil have changed over time.

- Operating Expenses by Category
- State Basic Aid – Per Pupil Funding

### ***Revenue Capacity***

This schedule contains information to help the reader assess the affordability of the School's most significant revenue sources the state aid and grants.

- Operating and Non-Operating Revenues

### ***Enrollment Trends***

This schedule contains information to help the reader understand the changes in enrollment over time.

- Full-Time Equivalent (FTE) Enrollment

### ***Revenue by Grants Sources***

This schedule contains information to help the reader understand the changes in revenues by grant source.

- Grant Revenues by Source

### ***Net Position Trends***

This schedule offers information to help the reader understand the funds invested in capital assets versus the unrestricted funds remaining for future expenditures.

- Net Position

### ***Demographic and Economic Information***

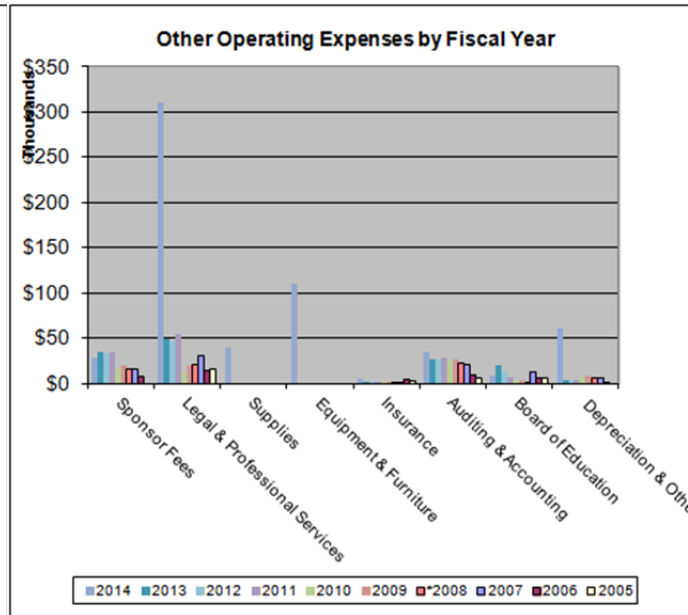
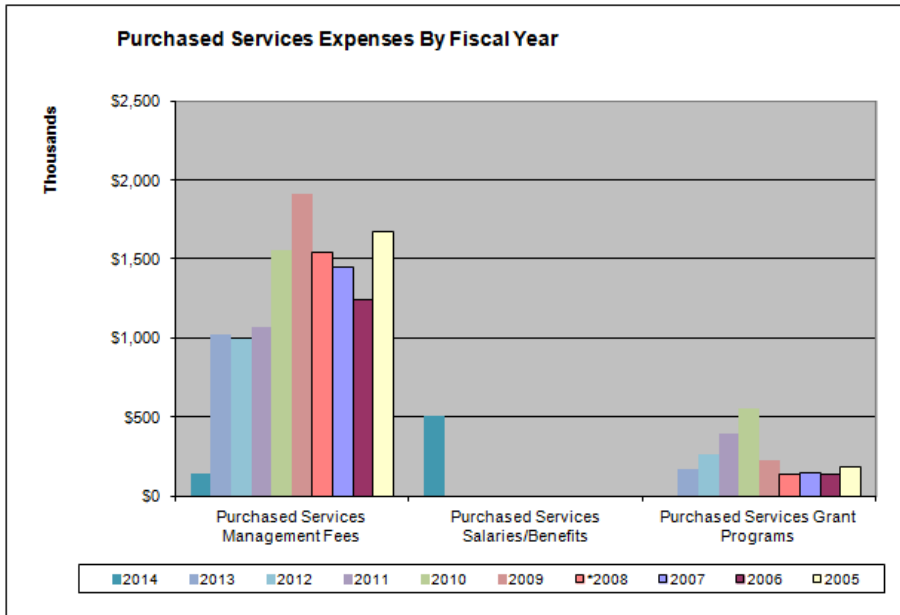
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place.

- Student Population by Resident District
- Miscellaneous Statistics
- Principal Employers – Source: Resident County's annual financial report.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School implemented GASB Statement 34 for the year ended June 30, 2004.

## Cliff Park High School Operating Expenses by Category Last Ten Fiscal Years

Year	Purchased Services Management Fees	Purchased Services Salaries/Benefits	Purchased Services Grant Programs	Sponsor Fees	Legal & Professional Services	Supplies	Equipment & Furniture	Insurance	Auditing & Accounting	Board of Education	Depreciation & Other	Total	Enrollment	Per Pupil Expenditure
2014	\$ 136,713	\$ 503,556	\$ -	\$ 27,263	\$ 311,337	\$ 39,306	\$ 110,269	\$ 5,602	\$ 34,646	\$ 8,309	\$ 65,395	\$ 1,242,396	109	\$ 11,398
2013	\$ 1,024,017		\$ 169,050	\$ 34,538	\$ 49,674			\$ 1,453	\$ 26,676	\$ 19,269	\$ 3,048	\$ 1,327,725	135	\$ 9,835
2012	\$ 994,201		\$ 259,263	\$ 32,226	\$ 46,408			\$ 1,096	\$ 26,207	\$ 12,590	\$ 4,061	\$ 1,376,052	135	\$ 10,193
2011	\$ 1,069,126		\$ 395,053	\$ 33,973	\$ 54,447			\$ 1,309	\$ 27,581	\$ 6,356	\$ 3,380	\$ 1,591,225	155	\$ 10,266
2010	\$ 1,549,752		\$ 552,333	\$ 16,339	\$ 11,857			\$ 1,292	\$ 24,255	\$ 3,554	\$ 5,822	\$ 2,165,204	213	\$ 10,165
2009	\$ 1,908,826		\$ 229,135	\$ 20,061	\$ 20,266			\$ 1,462	\$ 25,525	\$ 2,849	\$ 8,147	\$ 2,216,271	247	\$ 8,973
*2008	\$ 1,537,030		\$ 140,175	\$ 16,179	\$ 19,992			\$ 1,390	\$ 21,602	\$ 576	\$ 5,649	\$ 1,742,593	208	\$ 8,378
2007	\$ 1,444,035		\$ 146,620	\$ 15,143	\$ 30,263			\$ 1,390	\$ 20,182	\$ 12,181	\$ 6,061	\$ 1,675,875	205	\$ 8,175
2006	\$ 1,242,791		\$ 135,221	\$ 6,799	\$ 13,271			\$ 3,503	\$ 9,177	\$ 5,882	\$ 939	\$ 1,417,583	177	\$ 8,009
2005	\$ 1,669,889		\$ 184,760	\$ -	\$ 15,460			\$ 2,552	\$ 5,111	\$ 5,296	\$ -	\$ 1,883,068	233	\$ 8,082



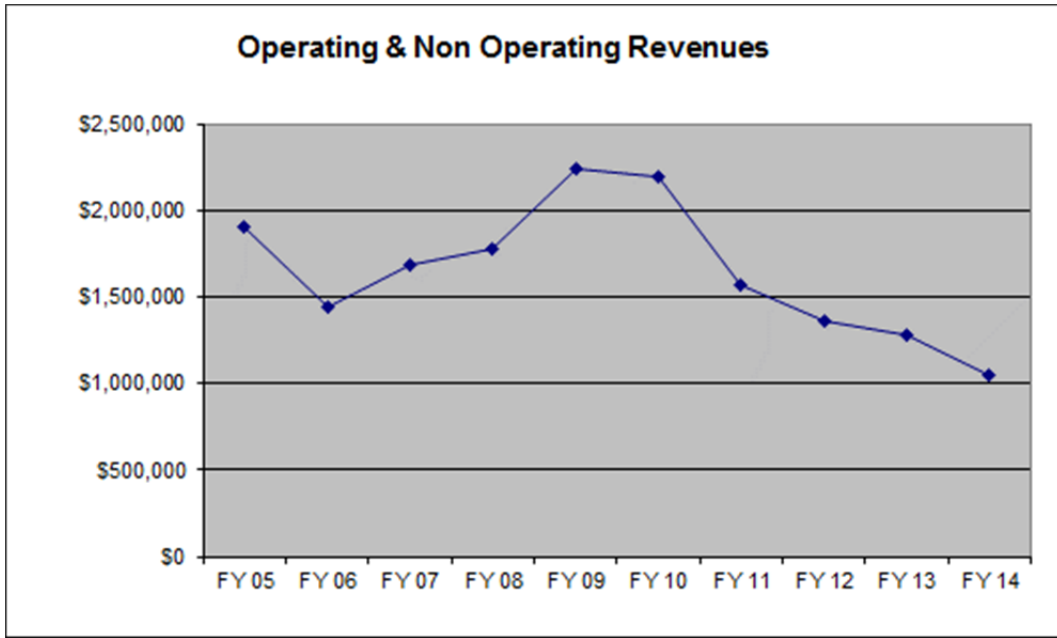
**Note 1:** Restatement in FY 08 due to prior period adjustment for grant expenditures.

**Note 2:** During FY14, School signed a management agreement with a new company for a smaller percentage fee plus reimbursement of direct expenses.

**Source:** School Financial Records

Cliff Park High School  
Operating and Non-Operating Revenues  
Last Ten Fiscal Years

<u>State Aid</u>	<u>State Aid</u>	<u>Grants</u>	<u>Other</u>	<u>Total</u>
2014	\$ 887,575	\$158,523	\$ 63	<b>\$1,046,161</b>
2013	\$1,106,381	\$169,050	\$ 267	<b>\$1,275,698</b>
2012	\$1,072,711	\$290,616	\$ 466	<b>\$1,363,793</b>
2011	\$1,142,368	\$430,495	\$ 735	<b>\$1,573,598</b>
2010	\$1,633,864	\$552,333	\$1,753	<b>\$2,187,950</b>
2009	\$2,006,132	\$229,135	\$3,026	<b>\$2,238,293</b>
2008	\$1,617,926	\$150,517	\$7,447	<b>\$1,775,890</b>
2007	\$1,520,038	\$161,140	\$8,168	<b>\$1,689,346</b>
2006	\$1,297,914	\$135,222	\$4,711	<b>\$1,437,847</b>
2005	\$1,721,534	\$184,760	\$2,313	<b>\$1,908,607</b>



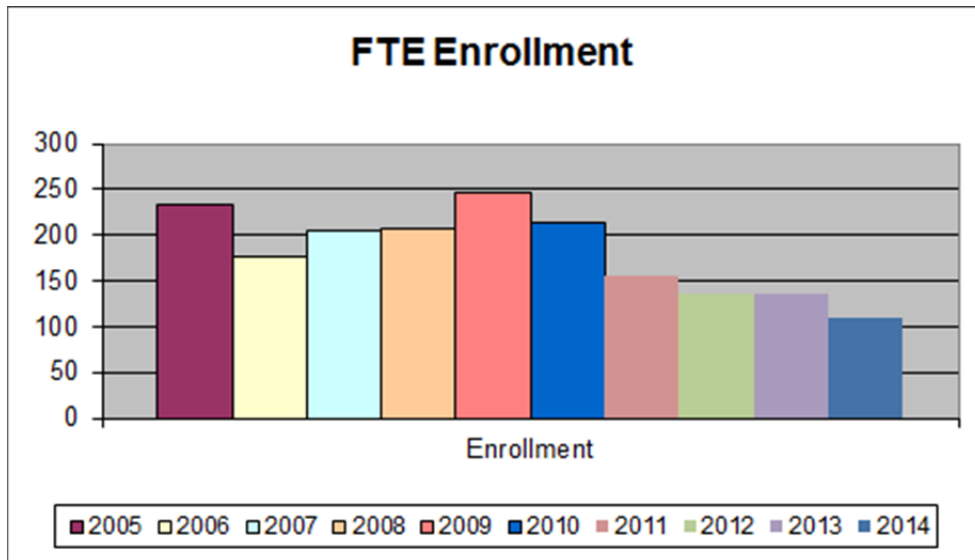
**Note: The School began enrolling students in FY 02.**

**Source: School Financial Records**

Cliff Park High School  
Full-Time Equivalent (FTE) Enrollment  
Last Ten Fiscal Years

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<u>Year</u>	<u>Enrollment</u>
2014	109
2013	135
2012	135
2011	155
2010	213
2009	247
2008	208
2007	205
2006	177
2005	233



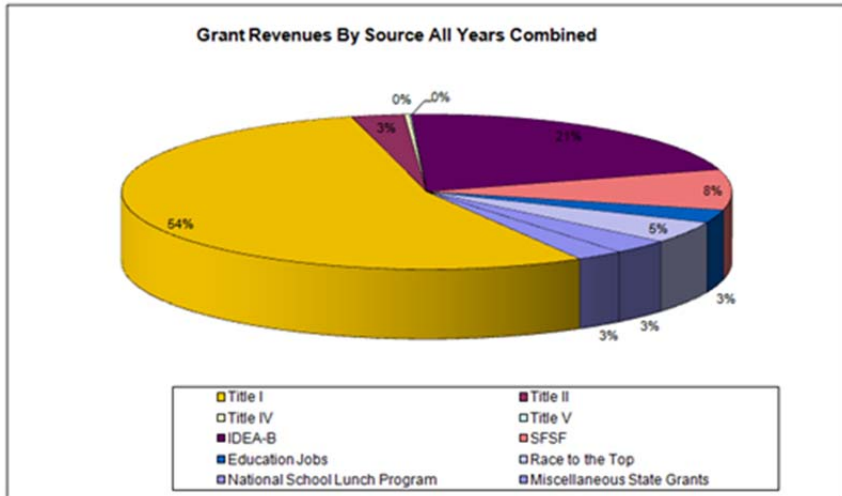
**Note: The School began enrolling students in FY 02.**

**Source: School Financial Records**



Cliff Park High School  
Grant Revenues by Source  
Last Ten Fiscal Years

Year	Title I	Title II	Title IV	Title V	IDEA-B	State Stabilization	Education Jobs	Race to the Top	National School Lunch Program	Miscellaneous State Grants	Total
2014	\$ 38,240	\$ 5,766	\$ -	\$ -	\$ 34,273	\$ -	\$ -	\$59,540	\$16,664	\$ 4,040	\$158,523
2013	\$ 75,422	\$ 100	\$ -	\$ -	\$ 53,229	\$ -	\$ -	\$17,595	\$21,918	\$ 786	\$169,050
2012	\$133,954	\$ 4,957	\$ -	\$ -	\$ 56,488	\$ -	\$31,353	\$32,208	\$31,438	\$ 218	\$290,616
2011	\$170,283	\$14,086	\$ -	\$ -	\$100,258	\$ 97,053	\$35,442	\$ 3,483	\$ 4,891	\$ 5,000	\$430,495
2010	\$369,054	\$ 7,411	\$ 740	\$ -	\$ 59,848	\$ 110,281	\$ -	\$ -	\$ -	\$ 5,000	\$552,333
2009	\$163,251	\$10,786	\$1,102	\$ 112	\$ 46,994	\$ -	\$ -	\$ -	\$ -	\$ 6,890	\$229,135
2008	\$ 82,905	\$ 8,152	\$1,198	\$ 348	\$ 49,424	\$ -	\$ -	\$ -	\$ -	\$ 8,490	\$150,517
2007	\$112,981	\$ 7,098	\$ 826	\$ 225	\$ 28,225	\$ -	\$ -	\$ -	\$ -	\$11,785	\$161,140
2006	\$ 85,044	\$ 2,434	\$1,567	\$ 550	\$ 38,151	\$ -	\$ -	\$ -	\$ -	\$ 7,475	\$135,221
2005	\$107,128	\$ 7,866	\$1,443	\$1,030	\$ 55,389	\$ -	\$ -	\$ -	\$ -	\$11,904	\$184,760

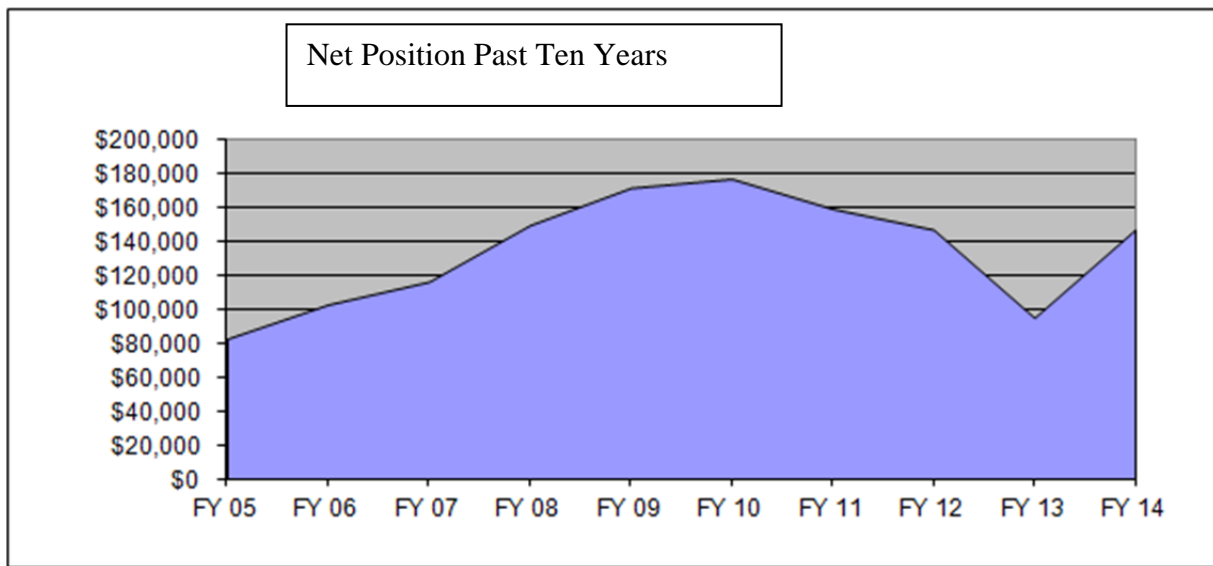


**Note 1: The School began enrolling students in FY 02.**

**Source: School Financial Records**

Cliff Park High School  
Net Position  
Last Ten Fiscal Years

Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total	Change in Net Position
2014	\$ 2,076)	\$ -	\$ (99,122)	\$ (101,198)	\$(196,235)
2013	\$ -	\$ -	\$ 95,037	\$ 95,037	\$ (52,027)
2012	\$ -	\$ 15,414	\$ 131,650	\$ 147,064	\$ (12,259)
2011	\$ -	\$ 6,979	\$ 152,344	\$ 159,323	\$ (17,627)
2010	\$ -	\$ -	\$ -	\$ 176,950	\$ 5,246
2009	\$ 424	\$ -	\$ 171,280	\$ 171,704	\$ 22,022
2008	\$ 5,264	\$ -	\$ 144,418	\$ 149,682	\$ 33,297
2007	\$ 10,104	\$ -	\$ 106,281	\$ 116,385	\$ 13,471
2006	\$ -	\$ -	\$ 102,914	\$ 102,914	\$ 20,264
2005	\$ -	\$ -	\$ 82,650	\$ 82,650	\$ 82,650



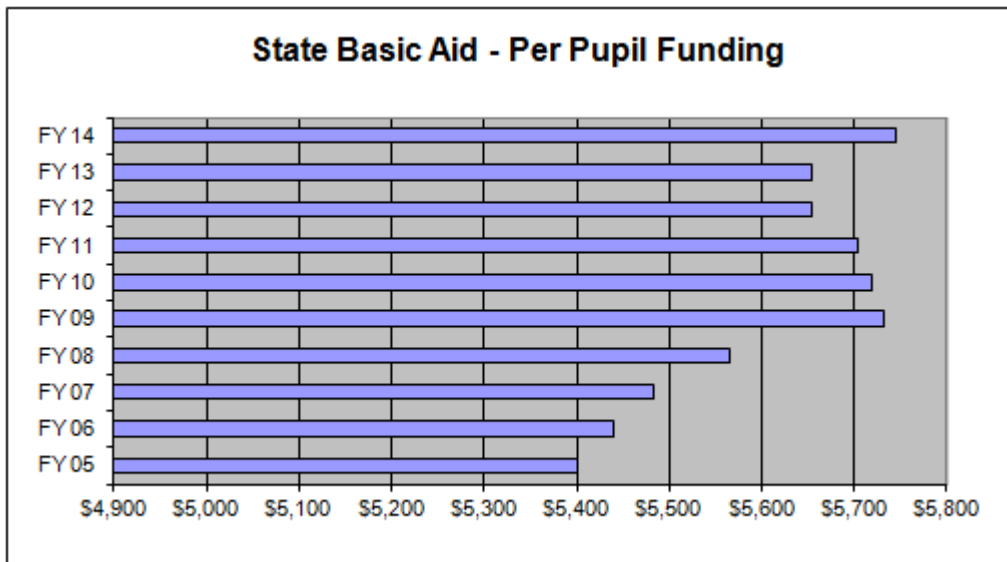
**Note 1:** The School began enrolling students in FY 02.

**Note 2:** A prior period adjustment of \$10,342 was recorded in FY 08

**Source:** School Financial Records

Cliff Park High School  
 State Basic Aid – Per Pupil Funding Amount  
 Last Ten Fiscal Years

Year	Per Pupil Funding	Cost of Doing Business	Total Per Pupil
2014	\$ 5,745	-	\$ 5,745
2013	\$ 5,653	-	\$ 5,653
2012	\$ 5,653	-	\$ 5,653
2011	\$ 5,703	-	\$ 5,703
2010	\$ 5,718	-	\$ 5,718
2009	\$ 5,732	-	\$ 5,732
2008	\$ 5,565	-	\$ 5,565
2007	\$ 5,403	1.0148	\$ 5,483
2006	\$ 5,283	1.0298	\$ 5,440
2005	\$ 5,169	1.0447	\$ 5,400



**Note 1:** In addition to the above, the School also receives other sources of State Aid including (but not limited to) Career Based Intervention Funding, Disadvantaged Pupil Impact Aid, Parity Aid, and Special Education funding. The revenues have collectively been identified on the Statement of Revenues, Expenses, and Changes in Net Position as “State Aid”.

The Cost of Doing Business Factors are determined by the State of Ohio and vary by region.

**Note 2:** The School began enrolling students in FY 02.

**Note 3:** The Ohio Department of Education eliminated the cost of doing business factor in fiscal year 2008.

**Source:** Ohio Department of Education

Cliff Park High School  
Student Population by Resident District  
2014 Fiscal Year

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<u>Resident District</u>	<u>%</u>
Clark-Shawnee	2.29%
Greenon	2.67%
Northeastern	4.65%
Southeastern	2.48%
Springfield	80.00%
Urbana	7.68%
All Other Districts	0.26%

**Note 1:** The School has open enrollment and draws its population from a large surrounding area. The traditional school district that the student resides in is referred to as the "Resident District".

**Note 2:** Districts representing less than 2 percent of the student population are combined under the heading "All Other Districts".

**Source:** Ohio Department of Education

Cliff Park High School  
Miscellaneous Statistics

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**School Address:** 821 N. Limestone St.  
Springfield Ohio 45503

**Square Footage:** 12,900 sq. ft.

**Date of Incorporation:** 10/23/2000

**Instructional Staff:** 7

**Total FY 14 Staff:** 10



**Note: All Staff are employees of CEG of Ohio, LLC. See Note 6 in Notes to the Basic Financial Statements.**

**Instructional Staff/  
Student Ratio:** 16:1

**Number of Graduates  
since inception:** 444

**Percent of Low  
Income Students:** 79.45%

**Source: School Records**

# Cliff Park High School Principal Employers

Principal Employers Current Year and Nine Years Ago						
Employer	2013			2007*		
	Number of Employees	Rank	% of Total Employment	Number of Employees	Rank	% of Total Employment
Springfield Regional Medical Center	2,565	1	5.15%			
Assurant Specialty Property	2,153	2	4.32%			
Clark County Auditor	1,259	3	2.53%			
Springfield City School District	962	4	1.93%			
City of Springfield	854	5	1.71%			
Clark State Community College	750	6	1.51%			
Gordon Food Service, LLC	580	7	1.16%			
Wittenberg University	489	8	0.98%			
Eby Brown Company LLC	430	9	0.86%			
Kone Cranes Inc.	300	10	0.60%			
Springfield Regional Medical Center				3,000	1	5.73%
American Security Insurance Co.				1,577	2	3.01%
Clark County Auditor				1,410	3	2.69%
Springfield City School District				984	4	1.88%
Dole Fresh Vegetables				789	5	1.51%
City of Springfield				787	6	1.50%
Kroger Company				573	7	1.09%
Wal-Mart				571	8	1.09%
Wittenberg University				522	9	1.00%
Gordon Food Service, LLC				457	10	0.87%
<b>Total Employees</b>	<b>10,342</b>		<b>20.77%</b>	<b>10,670</b>		<b>20.36%</b>

# Cliff Park High School

## Clark County, Ohio

### *Reports Issued Pursuant to Government Auditing Standards*

For the Fiscal Year Ended  
June 30, 2014

**Cliff Park High School  
Clark County, Ohio**

***Reports Issued Pursuant to Government Auditing Standards***

***June 30, 2014***

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December 31, 2014

To the Board of Directors  
Cliff Park High School  
Clark County, Ohio  
821 N. Limestone St.  
Springfield, OH 45503

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cliff Park High School, Clark County, Ohio (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hea & Associates, Inc.*

Medina, Ohio



# Dave Yost • Auditor of State

**LIFE SKILLS CLIFF PARK HIGH SCHOOL**

**CLARK 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 14, 2015**