



SOUTHEAST LICKING DIGITAL ACADEMY
(A COMPONENT UNIT OF SOUTHWEST LICKING LOCAL SCHOOL DISTRICT)
LICKING COUNTY

FINAL AGREED-UPON PROCEDURES

FOR THE PERIOD JULY 1, 2016 - April 17, 2017



Dave Yost • Auditor of State

**SOUTHWEST LICKING DIGITAL ACADEMY
LICKING COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES - FINANCIAL

Southwest Licking Digital Academy
Licking County
927-A South Street
Pataskala, Ohio 43062

We have performed the procedures enumerated below, with which the Board of Directors, Sponsor, and the management of Southwest Licking Digital Academy, Licking County, Ohio, (the Academy) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the period of July 1, 2016 to September 30, 2016, and certain compliance requirements related to these transactions and balances. The Academy was closed effective August 18, 2016. Management is responsible for recording transactions; and management, the Board, and the Sponsor are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the September 30, 2016 bank reconciliation. We found no exceptions.
2. We agreed the July 1, 2016 beginning cash fund balance recorded in the Finsum report to the June 30, 2016 cash balance in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliation to the total of September 30, 2016 fund cash balances reported in the Finsum report. The amounts agreed.
4. We confirmed the period-end bank balances with Park National Bank. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the September 30, 2016 bank reconciliation without exception.

Foundation and Intergovernmental Receipts

1. We selected all receipts from the Ohio Administrative Knowledge System (OAKS) covering the period.
 - a. For non-foundation receipts, we compared the amount from the above report to the amount recorded in the receipt ledger. The amounts agreed.

Foundation and Intergovernmental Receipts (Continued)

- b. For foundation receipts:
 - i. We compared the amount from the above report to the net amount on the Community School Foundation Statement of Settlement Report (the Settlement Report). The amounts agreed.
 - ii. We compared the gross amount on the Settlement Reports to the amount recorded in the Revled. The amounts agreed.
 - iii. We scanned the Revled to determine whether it included one foundation payment each month for the months of July through September. We noted the receipt ledger included one foundation receipt for each month. We found no exceptions.
- c. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
- d. We determined whether the receipts were recorded in the proper period. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of June 30, 2016.
2. We inquired of management, and scanned the receipt and expenditure ledgers for evidence of debt issued or debt payment activity during the period. We noted no new debt issuances, nor any debt payment activity during the period.
3. We inquired of management if any "on behalf" of assistance was received from the sponsor, management company, or other stakeholders. No such assistance was noted.

Non-Payroll Cash Disbursements

1. We tested all disbursements from the Chekpy report for the period and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Chekpy report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
2. We reviewed the final FTE evaluation performed by the Ohio Department of Education (ODE) and determined whether the proper remittance was made by the Schools to ODE, as applicable, and whether any significant issues were identified. The FTE evaluation found the Academy reported an FTE of 32.30, but the actual FTE was 13.05. The ODE has not provided a liability amount to the Academy and therefore, the Academy has not remitted any funds to ODE.
3. We scanned the Chekpy report for the period to determine whether any unusual expenditures (i.e. expenditures other than monthly utility expenses, monthly management company expenses, sponsor fees) were made after the closed date. We found no exceptions.

Compliance

1. We reviewed the compensation of the Board members for compliance with Ohio Rev. Code § 3314.02(E)(4) to ensure each Board member was not paid more than \$425 per meeting or a maximum of \$5,000 per year. We noted no exceptions.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Academy's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, the Ohio Department of Education, the Sponsor, and others within the Academy, and is not intended to be, and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State
Columbus, Ohio

April 17, 2017

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES – ODE CLOSEOUT PROCEDURES

Southwest Licking Digital Academy
Licking County
927-A South Street
Pataskala, Ohio 43062

We have performed the procedures enumerated below, with which the Board of Directors, Sponsor, and the management of Southwest Licking Digital Academy, Licking County, Ohio (the Academy) agreed, solely to assist the Ohio Department of Education (ODE) in evaluating whether the Academy completed the ODE Community School Closing Procedures for this School that closed effective August 18, 2016. Management is responsible for recording transactions; and management, the Board, and the Sponsor are responsible for complying with the Closing Procedure requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. In addition, we performed agreed-upon procedures, in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards* over the financial activity of the Academy, and have issued our report thereon dated April 17, 2017.

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

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

Initial Notifications, Student Records and School Records

1. A school is officially closed when instruction is no longer taking place and the Board of Directors or sponsor issues an official notice which states the date of the school's closure.
 - a. We inspected the official notice to ODE that the Academy was closing, which contained the board resolution. We noted no exceptions.
 - b. We noted this notice occurred within 24 hours of the action which included the date of closing of the Academy. The Academy was closed on August 18, 2016. We noted no exceptions.
2. We inspected the formal letter from the Board of Directors and the sponsor superintendent notifying parents that the Academy was closing. We noted that this letter was dated within 24 hours of the action, and included: the reason for the closing of the Academy, options for enrolling in another community school, traditional schools or nonpublic schools and contact information. We noted no exceptions.
3. We inquired of the Sponsor if they took control of and secured all Academy records, property and assets immediately when the Academy closed. We noted no exceptions.
 - a. We scanned student records to determine if they were put in order and if transcript materials were produced.
 - b. We inspected the final FTE review by the Ohio Department of Education to determine that it was completed.
 - c. We inquired of the resident district(s) if copies of student records were provided by the community school, within seven business days of closure of the community school as defined in section 3314.44 of the revised code.
 - d. We inquired of the receiving school if special education records were provided for all students with disabilities.We noted no exceptions.

Disposition of Assets

1. We inquired if the governing authority retained the Treasurer or the Sponsor to oversee the remaining financial activity, and act as a receiver to oversee the closing of the financial records in the absence of a fiscal officer. The Treasurer was retained.
2. We inquired of the Academy and inspected the capital asset listing to determine if the School had any assets which had been purchased with federal dollars. No such assets were noted.
3. We inquired of the Academy if they received computer hardware or software from the former Ohio SchoolNet commission or the former eTech Ohio commission. The Academy had no such computer hardware or software.
4. We obtained and scanned documentation showing:
 - a. The established disposition plan for any remaining items;We noted the Academy had not sold any of the capital assets and therefore the fair market value and listing of information about the sale of such was not available.
5. We inquired to identify:
 - a. What staff will have legal authority for payment processes (e.g. checks, cash, credit cards, etc.);
 - b. Any State Facilities Commission guarantees.We noted no exceptions.

Disposition of Assets (Continued)

6. We inquired if the Academy had any real property acquired from a public school district. The Academy had no such property.
7. The Public Charter School Program (PCSP) assets must first be offered to other community schools with requisite board resolutions consistent with the purpose of the PCSP. We noted no such assets.
8. We inquired of the Academy and inspected the capital asset listing to determine if the Academy had any assets which had been purchased with National School Lunch Program federal dollars. No such capital assets were noted.
9. We scanned the Academy's expenditure ledger to determine if they utilize only state dollars, auction proceeds, foundation dollars and any other non-federal dollars to pay the following, in order:
 - a. Any outstanding federal or state claims that may need to be paid first including but not limited to including federal and state taxes, Medicare, Workers Compensation, and city wage taxes;
 - b. STRS/SERS/retirement systems and other adjustments;
 - c. Teachers and staff;
 - d. Private creditors or those entities that have secured a judgment against the school, including audit preparation and audit costs (prepared financials);
 - e. If the assets of the school are insufficient to pay all persons or entities to which compensation is owed, the prioritization of the distribution of the assets to individual persons or entities within each class of payees may be determined by decree of a court in accordance section 3314.074 and Chapter 1702 of the Ohio Revised Code.We noted no exceptions. In addition, no court order was noted in item e.
10. We verified that the liabilities related to items in step 9 were disclosed either on the Academy's GAAP financial statements, or in the notes to the cash basis financial statements. The Academy did not prepare year-end financial statements, and agreed-upon procedures were performed over their receipts, disbursements and balances recorded in their cash-basis accounting records for the period of July 1, 2016 to September 30, 2016. There were no liabilities noted in the audited statements for the year ended June 30, 2016.

Preparation of Itemized Financials

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

Preparation of Itemized Financials (Continued)

We noted the Academy did not prepare year-end financial statements or notes to the financial statements, and there were no payables or receivables noted. We performed agreed-upon procedures over their receipts, disbursements and balances recorded in their cash-basis accounting records for the period of July 1, 2016 to September 30, 2016. There were no liabilities noted in the audited statements for the year ended June 30, 2016. We noted no other exceptions.

Final Payments and Adjustments

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

We noted as of September 30, 2016, the Academy had a bank balance of \$24,285.23. Funds were properly credited to the Academy's account and the Academy is working to apply remaining funds to its liabilities and will return any remaining funds to the Ohio Department of Education.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Academy's compliance with the Ohio Department of Education's Close-Out Procedures. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, the School's sponsor, those charged with governance, and others within the School, and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State
Columbus, Ohio

April 17, 2017



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SOUTHWEST LICKING DIGITAL ACADEMY

LICKING 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
JUNE 8, 2017**