



**WESTSIDE ACADEMY
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

WESTSIDE ACADEMY
FRANKLIN COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Westside Academy
Franklin County
4330 Clime Road North
Columbus, Ohio 43228

To the Academy Board:

We have audited the accompanying basic financial statements of Westside Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westside Academy, Franklin County, Ohio, as of June 30, 2008, and the change in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2009, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 28, 2009

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of the Westside Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets were \$4,265 at June 30, 2008.
- The Academy had operating revenues of \$648,905, operating expenses of \$1,054,208 and non-operating revenues of \$430,221 for fiscal year 2008.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The statement of net assets and statement of revenues, expenses and changes in net assets provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy's Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, how did we do financially during 2008? The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 10 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-20 of this report.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The table below provides a summary of the Academy's assets, liabilities and net assets for fiscal years 2008 and 2007.

Assets, Liabilities and Net Assets

	2008	2007
<u>Assets</u>		
Current assets	\$ 88,906	\$ 95,161
Non-current assets, net	53,768	-
Total assets	142,674	95,161
<u>Liabilities</u>		
Current liabilities	138,409	115,814
Total liabilities	138,409	115,814
<u>Net Assets</u>		
Invested in capital assets	53,768	-
Restricted	121,160	80,109
Unrestricted	(170,663)	(100,762)
Total net assets	\$ 4,265	\$ (20,653)

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the Academy's net assets were \$4,265.

At June 30, 2008, capital assets represented 37.69% of total assets. Capital assets consisted of furniture and equipment. Capital assets are used to provide services to the students and are not available for future spending.

A portion of the Academy's net assets, \$121,160, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$170,663.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

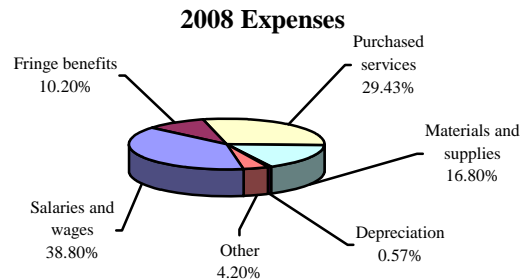
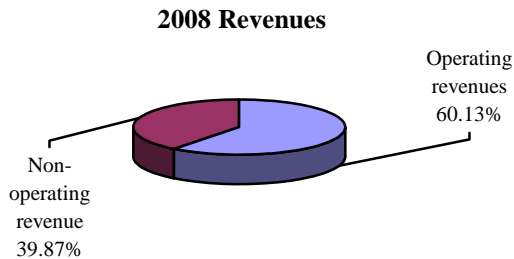
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The table below shows the changes in net assets for fiscal years 2008 and 2007.

Change in Net Assets

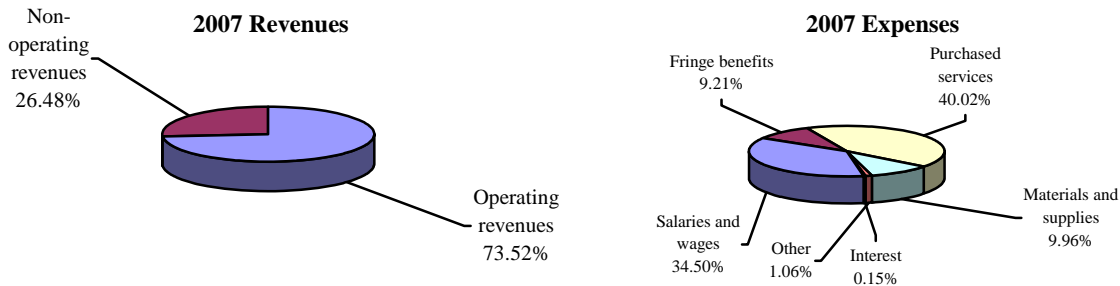
	<u>2008</u>	<u>2007</u>
<u>Operating Revenues:</u>		
State foundation	\$ 636,286	\$ 657,915
Other	12,619	11,120
Total operating revenue	<u>648,905</u>	<u>669,035</u>
<u>Operating Expenses:</u>		
Salaries and wages	409,103	338,373
Fringe benefits	107,493	90,316
Purchased services	310,301	392,470
Materials and supplies	177,085	97,722
Depreciation	5,974	-
Other	44,252	10,343
Total operating expenses	<u>1,054,208</u>	<u>929,224</u>
<u>Non-operating Revenues and Expenses:</u>		
Federal and State grants	430,154	241,005
Interest expenses	-	(1,494)
Interest income	67	25
Total non-operating revenues and expenses	<u>430,221</u>	<u>239,536</u>
Change in net assets	24,918	(20,653)
Net assets at beginning of year	<u>(20,653)</u>	<u>-</u>
Net assets at end of year	<u>\$ 4,265</u>	<u>\$ (20,653)</u>

The charts below illustrate the revenues and expenses for the Academy during fiscal years 2008 and 2007.



**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**



Capital Assets

At the end of fiscal year 2008, the Academy had \$53,768 in capital assets, net of depreciation, consisting of land improvements, leasehold improvements and furniture and equipment. The following table shows fiscal year 2008 balances compared to fiscal year 2007:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>2008</u>	<u>2007</u>
Furniture and equipment	<u>53,768</u>	<u>-</u>
Total	<u>\$ 53,768</u>	<u>\$ -</u>

The overall increase in capital assets of \$53,768 is due to the addition of furniture and equipment of \$59,742 and the depreciation expense of \$5,974.

See Note 5 to the basic financial statements for more detail on capital assets.

Debt Administration

The Academy had no debt obligations outstanding at June 30, 2008.

Current Financial Related Activities

The Academy is sponsored by the Buckeye Hope Community Foundation. The Academy is reliant upon State Foundation monies and State and Federal Grants to offer quality, educational services to students.

In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Barbara Henry, Treasurer, Westside Academy, 4330 Clime Road North, Columbus, Ohio 43228.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

Assets:

Current assets:

Cash.	\$	23,100
Intergovernmental.		64,924
Accounts receivable.		98
Prepays.		784
Total current assets		88,906

Non-current assets:

Capital assets, net.		53,768
Total non-current assets.		53,768

Total assets		142,674
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Liabilities:

Current:

Accounts payable.		68,925
Accrued wages and benefits		53,116
Pension obligation payable.		12,133
Intergovernmental payable		4,235
		4,235

Total liabilities		138,409
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Net Assets:

Invested in capital assets		53,768
Restricted for:		
State funded programs.		11,307
Federally funded programs		109,853
Unrestricted (deficit)		(170,663)
		(170,663)

Total net assets	\$	4,265
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008**

Operating revenues:	
State foundation	\$ 636,286
Other	<u>12,619</u>
Total operating revenues.	<u>648,905</u>
Operating expenses:	
Salaries and wages.	409,103
Fringe benefits.	107,493
Purchased services.	310,301
Materials and supplies	177,085
Depreciation	5,974
Other.	<u>44,252</u>
Total operating expenses.	<u>1,054,208</u>
Operating loss	<u>(405,303)</u>
Non-operating revenues:	
Federal and state grants	430,154
Interest income.	<u>67</u>
Total non-operating revenues	<u>430,221</u>
Change in net assets	24,918
Net assets at beginning of year	<u>(20,653)</u>
Net assets at end of year	<u><u>\$ 4,265</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008**

Cash flows from operating activities:	
Cash received from State foundation.	\$ 635,621
Cash received from other revenues	12,521
Cash payments for salaries and benefits	(508,750)
Cash payments to suppliers for goods and services. . .	(351,256)
Cash payments for materials and supplies	(121,249)
Cash payments for other operating activities	<u>(44,252)</u>
Net cash used in operating activities	<u>(377,365)</u>
Cash flows from noncapital financing activities:	
Federal and state grants	<u>385,010</u>
Net cash provided by noncapital financing activities	<u>385,010</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(59,742)</u>
Net cash used in capital and related financing activities	<u>(59,742)</u>
Cash flows from investing activities:	
Interest received.	<u>67</u>
Net cash provided by investing activities	<u>67</u>
Net decrease in cash and cash equivalents	(52,030)
Cash and cash equivalents at beginning of year . . .	<u>75,130</u>
Cash and cash equivalents at end of year.	<u><u>\$ 23,100</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	\$ (405,303)
Adjustments:	
Depreciation	5,974
Changes in assets and liabilities:	
(Increase) in prepayments	(533)
(Increase) in accounts receivable	(98)
Increase in accounts payable	65,414
Decrease in rent payable	(50,000)
Increase in intergovernmental payable	1,060
Increase in accrued wages and benefits	5,249
Increase in pension obligation payable	<u>872</u>
Net cash used in operating activities.	<u><u>\$ (377,365)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE ACADEMY

The Westside Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax-exempt status. The mission of the Academy is to provide a high quality education, global consciousness and a competency-based education program from kindergarten to eighth grade. The Academy strives to meet the needs of a growing diverse population in Central Ohio, including the population that is considered Limited English Proficiency (LEP) and may come with an interrupted educational background. The Academy, which is part of the State's education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved under contract with the Buckeye Community Hope Foundation (the "Sponsor") for a period of three years commencing December 20, 2005. The Academy began operations on September 30, 2006. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy operates under the direction of a self-appointed five-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The Academy is staffed by 7 non-certified staff members and 11 certified teaching personnel who provide services to 62 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The Academy's significant accounting policies are described below.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and change in net assets, and a statement of cash flows.

The Academy uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows.

B. Measurement Focus

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Academy are included on the statement of net assets. The statement of revenues, expenses and change in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. 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.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, the Academy is not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the contract between the Academy and its sponsor. Pursuant to the sponsorship agreement, on or before June 30 each year, a revised school budget shall be submitted to the Sponsor. The budget must detail estimated revenues and expenses. Revenues include the base formula amount that will be used for the purposes of funding calculations under section 3314.08 of the ORC. All projected and actual revenue sources must be included in the budget and projected expenses must include the total estimated per pupil expenditure amount for each year.

E. Cash

Cash received by the Academy is reflected as "Cash" on the statement of net assets. The Academy did not have any investments during 2008.

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of \$1,000. The Academy does not have any infrastructure. Leasehold improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The Academy does not capitalize interest.

All capital assets are depreciated. Leasehold improvements are depreciated over the remaining useful lives of the related capital assets, currently five years. Land improvements are depreciated over ten years. Furniture and equipment is depreciated over five years. Depreciation is computed using the straight-line method.

G. Prepaid Items

A prepaid item is an asset that occurs when a vendor is paid for services that will benefit a future accounting period. When items meet these criteria, they are reported as assets on the statement of net assets using the consumption method. Under the consumption method, a current asset for the prepaid amount is recorded at the time of the purchase and the expense is reported in the year in which services are consumed. The Academy had \$784 in prepaid insurances as of June 30, 2008.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

H. Intergovernmental Revenue

The Academy participated in the State Foundation Program through the Ohio Department of Education. Revenue from this program was recognized as operating revenue in the accounting period in which all eligibility requirements had been met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes 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 Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Operating Revenues and Expenses

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

K. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2008, the Academy has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Academy; however, certain disclosures related to postemployment benefits (see Note 9) have been modified to conform to the new reporting requirements.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the Academy.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2008, the carrying amount of the Academy's deposits was \$23,100 and the bank balance was \$44,512. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2008</u>
<i>Depreciable capital assets:</i>				
Furniture and equipment	-	59,742	-	59,742
Total depreciable capital assets	-	59,742	-	59,742
<i>Less: accumulated depreciation</i>				
Furniture and equipment	-	(5,974)	-	(5,974)
Total accumulated depreciation	-	(5,974)	-	(5,974)
Capital assets, net	<u>\$ -</u>	<u>\$ 53,768</u>	<u>\$ -</u>	<u>\$ 53,768</u>

NOTE 6 - BUILDING LEASE

The Academy operations are located in space leased from the Unified Investment Corporation. Lease payments for fiscal year 2008 were \$147,502. The lease expires on June 30, 2011. See Note 15 for the related party transaction note disclosure.

NOTE 7 - RECEIVABLES

At June 30, 2008, receivables consisted of intergovernmental receivables of \$64,924 in State and Federal grants and accounts receivable of \$98 in sales/charges for services. The receivables are expected to be collected in full within one year.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 8 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. 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 may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. 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 of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008 and 2007 were \$11,545 and \$9,643, respectively; 98.55 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 8 - PENSION PLANS - (Continued)

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008 and 2007 were \$36,890 and \$26,334, respectively; 88.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007. Contributions to the DC and Combined Plans for fiscal year 2008 were \$5,624 made by the Academy and \$8,282 made by the plan members.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Academy participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The Academy's contributions for health care for the fiscal years ended June 30, 2008 and 2007 were \$5,268 and \$3,201, respectively; 98.55 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2008 and 2007 were \$832 and \$656, respectively; 98.55 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org 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 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2008 and 2007 were \$2,838 and \$2,026, respectively; 88.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Academy contracted with Wells Fargo Insurances Services for property and general liability insurance with a \$1,000,000 single occurrence limit and \$2,000,000 annual aggregate. Settled claims have not exceeded commercial coverage in the past year. There was no significant reduction in coverage from the prior fiscal year.

B. Workers' Compensation

The Academy pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor determined by the State. The Academy owed \$2,751 for this premium on January through June 2008 wages and accrued wages. The liability is reflected in the financial statements at June 30, 2008.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 - EMPLOYEE BENEFITS

The Academy provides health, drug, and dental insurance for all eligible employees through Anthem Blue Cross Blue Shield. The Academy pays a portion of the monthly premium based on the coverage chosen. An employee who works a minimum of 30 hours per week will receive 85%-80%-75%, for coverage of employee-only, employee-spouse/children or family coverage, respectively. An employee who works between 20 to 29 hours per week will be offered 75% prorated benefits. The Academy provides life insurance and accidental death and dismemberment insurance to employees through Anthem Blue Cross and Blue Shield.

NOTE 12 - PURCHASED SERVICES

For fiscal year ended June 30, 2008, purchased services expenses were as follows:

Professional and Technical Services	\$ 53,403
Property Services	122,699
Travel/Mileage/Meeting Expense	4,143
Communications	6,964
Utility services	21,092
Other Purchased Services	<u>102,000</u>
Total	<u>\$ 310,301</u>

NOTE 13 - CONTRACTS

Sponsor Contract

The Academy entered into a three-year contract commencing on December 20, 2005, and continuing through June 30, 2009, with Buckeye Community Hope Foundation (the "Sponsor") for its establishment. Under the contract, the Sponsor agreed to provide oversight and guidance to the Academy including, but not limited to, the following:

- Monitoring the Academy's compliance with applicable laws and terms of the Sponsorship contract.
- Monitoring and evaluating the academic and fiscal performance and the organization and operation of the Academy.
- Reporting annually the results of its evaluation to the Ohio Department of Education and to parents of students enrolled in the Academy.
- Providing technical assistance to the Academy in complying with applicable laws and the Sponsorship contract.
- Intervening as the Sponsor deems necessary in the Academy's operation to correct problems with overall performance. The Sponsor may, at its sole discretion, require a plan of action from the Academy to cure any issues or violations.
- Preparing and assisting with contingency plans in the event the Academy experiences difficulties or closes before the end of the school year.

The agreed upon fee for the above services provided by the Sponsor is 2% of the total State funds received each year. For fiscal year 2008, the Academy paid \$12,712 to the Sponsor.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 14 - CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2008.

B. Litigation

The Academy is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

C. Ohio Department of Education Enrollment Review

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of the review after fiscal year end, the Academy owes \$47 to the Ohio Department of Education, which is reflected on the basic financial statements as an intergovernmental payable.

NOTE 15 – RELATED PARTY TRANSACTION

On March 1, 2006, the Academy entered into a lease agreement with Unified Investment Corp., a related party of the Academy, for the purposes of leasing the premises used to provide services by the Academy. The original term of the lease agreement is for a period of four years and four months with two renewal options of five years each. The following is a summary of the agreed-upon monthly rental amounts to be paid by the Academy as part of the agreement:

PERIOD	MONTHLY RENT
July 1, 2007 through June 30, 2008	\$12,417
July 1, 2008 through June 30, 2009	\$12,917
July 1, 2009 through June 30, 2010	\$13,417

During fiscal year 2008, the Academy paid a total of \$238,193.57 to Unified Investment Corp. Of this total, \$147,502 represented rental payments while the additional \$90,691.57 represented payments for utilities, ground maintenance, property taxes, security, and certain building repairs.

Dr. Mouhamed Tarazi is a prior President of, and currently holds an investment interest in, Unified Investment Corp. Dr. Tarazi is the Director of International Academy of Columbus, which is governed by the same Board as governs Westside Academy. Additionally, although not an actual employee or official of Westside Academy, Dr. Tarazi was an integral part of the Westside Academy's start up in fiscal year 2007.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 16 – MANAGEMENT PLAN

Westside Academy began operation as a community school in August 2006 as a start up school and anticipated funding from a Federal Government Grant of \$450,000 and a state start up grant of \$50,000. The federal grant was received over two years of operation. The state grant was not released by the Ohio Department of Education due to monies being received from the Federal Government Grant before the state grant was released. The school maintained operation which resulted in a deficit. Therefore, the following changes were made beginning in fiscal year 2008 and continuing in fiscal year 2009:

- 1.) Increase student enrollment to 200 students and maintain that level;
- 2.) Eliminate or reduce staff positions to reduce cost;
- 3.) Reduce operational cost, including having the Academy's rent lowered;
- 4.) Obtain additional funding – The Academy was awarded the 21st Century grant in July 2008 and 2009.

The Academy believes these efforts will allow the Academy to sustain operations in the subsequent years.



Mary Taylor, CPA

Auditor of State

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

Westside Academy
Franklin County
4330 Clime Road North
Columbus, Ohio 43228

To the Academy Board:

We have audited the basic financial statements of Westside Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2008, and have issued our report thereon dated July 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 through 2008-006 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2008-001 and 2008-003 through 2008-005 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Academy's management in a separate letter dated July 28, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Academy's management in a separate letter dated July 28, 2009.

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

July 28, 2009

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2008-001
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**Significant Deficiency / Material Weakness
Monthly Bank Reconciliations**

Monthly bank reconciliations should be performed by the Treasurer to determine if all receipts and disbursements have been properly posted. Reconciling items should be investigated at the time of the reconciliation and resolved in a timely manner. Documentation supporting all reconciling items should be included with the reconciliation. Once completed, the reconciliation should be reviewed for completeness and accuracy by the Board.

Although the Treasurer performed monthly bank reconciliations to reconcile the Academy's accounting ledgers to the bank balances, these monthly reconciliations included unsupported and unreconciled balances that accumulated throughout the prior and current year, totaling approximately \$31,043 in positive adjustments to cash and approximately \$45,790 in negative adjustments to cash as of June 30, 2008. Furthermore, the Treasurer did not post the entirety of the Academy's debit card account activity to the accounting ledgers. Additionally, other items creating reconciling differences throughout fiscal year 2008 included differences between recorded versus transferred payroll, certain unrecorded bank transfers and receipts, failure to record checks as reconciled once checks have cleared the bank, checks issued and clearing the bank not posted to the USAS system, differences between certain withholdings and amounts paid, improper entries within the USAS system to both receipts and expenditures, bank charges and account analysis fees, and unrecorded amounts from state settlements. Audit adjustments were made as described in Finding 2008-004.

When bank reconciliations are not properly performed, monthly fund balances may be understated or overstated and management cannot be assured that the ledgers reflect the proper financial activities of the Academy. Also, lack of legislative monitoring of the monthly bank reconciliations may lead to errors, irregularities, or misappropriation of the Academy's assets and could result in a potentially material misstatement of the Academy's financial statements.

We recommend the Treasurer perform monthly bank to book reconciliations that properly account for all transactions during the respective month. Unreconciled differences should be investigated and documented and appropriate entries should be made to the accounting system. All receipts and expenditures should be posted to the accounting ledgers in a timely manner to aid in the reconciliation process. In addition, the bank reconciliations, including supporting documentation, should be reviewed by the Board in order to assure accuracy and that all errors and/or irregularities are detected in a timely manner.

Officials' Response

We have changed the monthly bank reconciliation procedure used by the school treasurer to determine if all receipts and disbursements have been properly posted.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2008-002
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**Significant Deficiency
Capital Assets**

The Academy does not have procedures in place to track and account for assets purchased (i.e. tag numbers).

Lack of an asset tracking system increases the likelihood of an asset not being properly included in the Academy's asset listing. Additionally, it limits the ability of management to inventory and account for all assets.

We recommend the Board develop an asset tracking system to properly account for all Academy assets.

Officials' Response

The school administration will put in place a better inventory procedure to include tracking and accounting for the school assets with numbered tags.

Finding Number	2008-003
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**Significant Deficiency / Material Weakness
Debit Card Policy and Activity**

The Academy utilizes a debit card to make purchases. While some debit card transactions were recorded on the Academy's ledgers, debit card transactions recorded by the Academy throughout fiscal year 2008 differed from debit card transactions clearing the Academy's bank account. As of June 30, 2008, the debit card charges per the Academy's bank statements exceeded debit card transactions posted by \$982.90.

Debit cards may be an effective tool for purchasing in certain limited circumstances; however, the usage relating to these debit cards should be specified in a policy established by the Board. Additionally, control procedures, similar to those of check writing, should be in place to properly monitor debit card transactions. Lack of such a policy and/or procedures limits the ability of the Board to monitor purchases made, ensure only authorized employees are using the debit cards for allowable purposes and that purchases include detailed supportive documentation.

We recommend the Board establish a debit card policy and procedures for the use of debit cards. The policy should, at a minimum, indicate which employees are authorized to use the debit cards, specifically what types of purchases are allowable, what types of purchases are prohibited, and any maximum use amount in total and/or by purchase type. This policy should also require original supporting detailed receipts/invoices for every purchase made. The policy should further establish a system of supervisory review and approval of debit card purchases and a system of monitoring to ensure the proper procedures are being followed. Establishing a policy will help to ensure debit cards are only used for authorized and necessary purposes, are properly approved, and are appropriately accounted for.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2008-003 (Continued)
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**Significant Deficiency / Material Weakness
Debit Card Policy and Activity (Continued)**

We further recommend the Board ensure all debit card usage is appropriately supported and timely and accurately recorded within the financial ledgers of the Academy.

Officials' Response

The school board will create and approve a new debit card policy to include the recommendations in your findings.

Finding Number	2008-004
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**Significant Deficiency / Material Weakness
Financial Reporting**

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

The following audit adjustments were made to the June 30, 2008 financial statements and accounting records:

1. To properly remove capital assets capitalized in the prior year that were either not owned by the Academy or were expenditures capitalized related to rent payments, totaling \$37,144. Also, to remove related accumulated depreciation of \$11,706 and depreciation expense of \$5,853.
2. To properly adjust Academy receipts, expenditures, and cash balance for errors noted within substantive testing over 6/30/08 cash reconciliations, resulting in a decrease in revenues of \$12,822, an increase in expenditures of \$3,968, an increase in beginning net assets of \$2,043 and a decrease in cash and cash equivalents of \$14,747.

The adjustments identified above should be reviewed by the Treasurer and Academy Board to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Academy should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Academy's activity.

Officials' Response

The school board will expect that the school treasurer make adjustments to the financial statements and accounting records listed in this finding.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2008-005
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**Significant Deficiency / Material Weakness
Payroll Clearing Account**

The Academy maintains a payroll clearing account which should maintain a \$0 reconciled balance at all times. Funds should only be deposited or transferred into this account sufficient to cover net payroll expenditures plus any additional withholdings and employer share benefits paid out of the account.

During fiscal year 2008, the Academy did not transfer the proper amounts from the Academy's operating account to the payroll account. As a result, the Academy's payroll bank account did not reconcile to \$0, and amounts paid out of the account differed from amounts recorded in the Academy's ledgers. The monthly unreconciled balances caused approximately \$12,521 of positive adjustments to the payroll account and approximately \$26,169 of negative adjustments to the payroll account. This also resulted in overdrafts of the Academy's payroll account resulting in the use of an overdraft charge account as well as related fees and finance charges. Fees and finance charges incurred by the Academy on this overdraft charge account through the end of fiscal year 2008 totaled \$1,073.37 and could potentially result in significantly more unnecessary fees and finance charges.

The financial statements and accounting records have been adjusted to properly report the payroll bank account activity.

Failure to properly maintain and reconcile the Academy's payroll clearing account limits the ability of management to ensure all payroll transactions are appropriately paid and recorded, increases the likelihood of the Academy accruing unnecessary fees and finance charges, and could result in a potential material misstatement of the Academy's financial statements.

We recommend the Academy implement procedures to ensure the payroll bank account is properly reconciled on a monthly basis. Unreconciled balances should be investigated at the time of the reconciliation and resolved in a timely manner. Additionally, we recommend the Academy discontinue the use of an overdraft charge account and eliminate any future fees or finance charges for such an account. The proper use of the payroll clearing account eliminates the need for an overdraft charge account.

Officials' Response

The school treasurer has changed the way the bank payroll clearing account is maintained. We will follow the procedure of a \$0 reconciled balance at all times after payroll expenditures and additional withholdings and employer share benefits are paid out of this account.

WESTSIDE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2008
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2008-006
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Significant Deficiency
Review of Detailed Monthly Financial Reports

During fiscal year 2008, the Board was provided a manually-prepared monthly financial packet. This financial packet includes a Fund Balances Report which shows the beginning monthly balance, monthly receipts and expenditures, and ending balance for each fund. The financial packet also includes the 5 year forecast and related assumptions as well as a listing of monthly revenues and expenditures by line item for the General Fund.

Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms with the users' expectations.

We recommend the Treasurer provide the Board monthly financial reports that are detailed for each fund and are systems-generated (i.e. Revenue Summary Report, Budget Summary Report, Appropriation Summary Report, etc.). These reports should be reviewed by the Board and appropriate follow-up should be made regarding any unusual balances or transactions.

Officials' Response

The school board is expecting the school treasurer to provide system generated fund balances reports which show the beginning monthly balance, monthly receipts and expenditures and the ending balance for each fund. In addition the financial packet will also include the other items listed in this finding. The board will review these reports and make appropriate follow-ups regarding these funds if needed.

**WESTSIDE ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for Recovery Repaid Under Audit / Material Non-Compliance Unsupported Debit Card Purchases	Yes	
2007-002	Significant Deficiency / Material Weakness Monthly Bank Reconciliations	No	Not corrected; repeated as Finding Number 2008-001.
2007-003	Significant Deficiency Capital Assets	No	Not corrected; repeated as Finding Number 2008-002.
2007-004	Significant Deficiency / Material Weakness Debit Card Policy and Activity	No	Not corrected; repeated as Finding Number 2008-003.
2007-005	Significant Deficiency / Material Weakness Financial Reporting	No	Not corrected; repeated as Finding Number 2008-004.
2007-006	Significant Deficiency / Material Weakness Payroll Clearing Account	No	Not corrected; repeated as Finding Number 2008-005.
2007-007	Significant Deficiency / Material Weakness / Material Non-Compliance Loan and Line of Credit Activity	Yes	
2007-008	Significant Deficiency Review of Detailed Monthly Financial Reports	No	Not corrected; repeated as Finding Number 2008-006.



Mary Taylor, CPA
Auditor of State

WESTSIDE ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 22, 2009**