



**GROVEPORT MADISON CRUISER ACADEMY
FRANKLIN COUNTY**

INITIAL AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**GROVEPORT MADISON CRUISER ACADEMY
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Groveport Madison Cruiser Academy
Franklin County
5940 Clyde Moore Drive, Suite C
Groveport, Ohio 43125

To the Board of Directors:

We have audited the accompanying basic financial statements of the Groveport Madison Cruiser Academy, Franklin County, Ohio (the Academy), a component unit of the Groveport Madison Local School District, as of and for the year ended June 30, 2011, 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 the Groveport Madison Cruiser Academy, Franklin County, Ohio, as of June 30, 2011, and the change in 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 December 6, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

December 6, 2011

Groveport Madison Cruiser Academy
Franklin County
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

As management of the Groveport Madison Cruiser Academy (the Academy), we offer readers of the Academy's financial statements this narrative overview and analysis of the financial activities of the Academy for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for the Academy are as follows:

- Liabilities exceeded Assets by \$111,884 (net assets) at fiscal year-end.
- Net Assets at June 30, 2011 were (\$111,884) primarily due the fiscal year being the Academy's first year of operation. This deficit represents the amount in which operating expenses (\$1,241,298) exceeded operating revenues (\$973,781) and non-operating revenues (\$155,633).

Using this Annual Financial Report

This financial report contains the basic financial statements of the Academy, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. As the Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentation information is the same.

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

The statement of net assets and the statement of revenues, expenses and changes in net assets answer the question, "How did we do financially during the fiscal year?" The statement of net assets includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the economic resources measurement 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.

This statement reports the Academy's net assets; however, in evaluating the overall position and financial viability of the Academy, non-financial information such as the condition of the Academy's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

The statement of revenues, expenses and changes in net assets reports the changes in net 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.

Groveport Madison Cruiser Academy
Franklin County
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

Financial Analysis

Table 1 provides a summary of the Academy's net assets at June 30, 2011.

Table 1
Net Assets at Year End

	<u>2011</u>
Assets:	
Current and Other Assets	\$ 81,372
Capital Assets, Net	<u>24,811</u>
Total Assets	<u>106,183</u>
Liabilities:	
Current Liabilities	<u>218,067</u>
Total Liabilities	<u>218,067</u>
Net Assets:	
Invested in Capital Assets	24,811
Unrestricted	<u>(136,695)</u>
Total Net Assets (Deficit)	<u>\$ (111,884)</u>

As this was the initial period of operation, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Groveport Madison Cruiser Academy
Franklin County
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

Financial Analysis

Table 2 shows the change in net assets for the fiscal year ended June 30, 2011.

Table 2
Changes in Net Assets

	2011
Operating Revenues:	
Foundation Revenues	\$ 973,241
Other Revenues	540
Total Operating Revenues	973,781
Operating Expenses:	
Purchased Services	1,138,839
Materials and Supplies	100,430
Depreciation	1,243
Other	786
Total Operating Expenses	1,241,298
Operating (Loss)	(267,517)
Nonoperating Revenues	
State and Federal Grants	152,052
Other Non-Operating Revenues	3,581
Total Nonoperating Revenues	155,633
Change in Net Assets	(111,884)
Net Assets, Beginning of Year	-
Net Assets (Deficit), End of the Year	\$ (111,884)

As this was the initial period of operation, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Groveport Madison Cruiser Academy
Franklin County
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Unaudited)

Capital Assets

At fiscal year-end, the Academy's net capital asset balance was \$24,811. This balance represents current year additions of \$26,054 offset by current year depreciation of \$1,243. For more information on capital assets, see Note 4 to the basic financial statements.

Debt

At fiscal year-end, the Academy had no debt.

Current Financial Issues

The Academy depends on legislative and governmental support to fund its operations. Based on information currently available, several changes are expected to occur in the nature of the funding or operations of the Academy in future fiscal years due to the State's current economic environment. The Academy is expected to continue to grow in both the number of students, as well as the number of support staff, as it enters into its second year of operation, which will impact the Academy's funding since the Academy receives the majority of its finances from state aid. During the fiscal year, average daily student enrollment was 171 students. The Academy receives its finances mostly from state aid. Per pupil aid for this period amounted to \$5,703 per student.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Groveport Madison Cruiser Academy and to show the Academy's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to Joyce Disharoon, Treasurer of Groveport Madison Cruiser Academy, 5940 Clyde Moore Drive Suite C, Groveport, Ohio, 43125.

**GROVEPORT MADISON CRUISER ACADEMY
FRANKLIN COUNTY**

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

Assets:	
Current Assets	
Cash	\$ 19,214
Intergovernmental Receivables	62,158
Total Current Assets	<u>81,372</u>
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	<u>24,811</u>
Total Noncurrent Assets	<u>24,811</u>
Total Assets	<u>106,183</u>
Liabilities:	
Current Liabilities	
Accounts Payable	213,067
Unearned Revenue	5,000
Total Current Liabilities	<u>218,067</u>
Total Liabilities	<u>218,067</u>
Net Assets:	
Invested in Capital Assets	24,811
Unrestricted	<u>(136,695)</u>
Total Net Assets (Deficit)	<u>\$ (111,884)</u>

See accompanying notes to the basic financial statements.

**GROVEPORT MADISON CRUISER ACADEMY
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Foundation	\$ 973,241
Other	540
Total Operating Revenues	<u>973,781</u>
 Operating Expenses:	
Purchased Services	1,138,839
Materials and Supplies	100,430
Depreciation	1,243
Other	786
Total Operating Expenses	<u>1,241,298</u>
 Operating (Loss)	 <u>(267,517)</u>
 Non-Operating Revenues:	
State and Federal Grant Revenue	152,052
Other	3,581
Total Non-Operating Revenues	<u>155,633</u>
 Change in Net Assets	 (111,884)
 Net Assets Beginning of Year	 -
Net Assets (Deficit), End of Year	<u><u>\$ (111,884)</u></u>

See accompanying notes to the basic financial statements.

**GROVEPORT MADISON CRUISER ACADEMY
FRANKLIN COUNTY**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Cash Received from Foundation	\$ 973,241
Cash Received from Other Receipts	540
Cash Payments to Suppliers for Purchased Goods and Services	(1,026,202)
Cash Payments to Other	(786)
Net Cash Used for Operating Activities	<u>(53,207)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Grants	94,894
Cash Received for Other Non-Operating Activities	3,581
Net Cash Provided by Noncapital Financing Activities	<u>98,475</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(26,054)
Net Cash Used for Capital and Related Financing Activities	<u>(26,054)</u>
Net Increase in Cash and Cash Equivalents	19,214
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	<u>\$ 19,214</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:	
Operating (Loss)	\$ (267,517)
Adjustments to Reconcile Operating (Loss) to Net Cash Used for Operating Activities:	
Depreciation	1,243
Changes in Assets and Liabilities:	
Accounts Payable	213,067
Net Cash Used for Operating Activities	<u>\$ (53,207)</u>

See accompanying notes to the basic financial statements.

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Groveport Madison Cruiser Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1 – Description of the Academy and Reporting Entity

The Groveport Madison Cruiser Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Rev. 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 Academy's mission is to provide each student with a unique opportunity to earn their diploma in an alternative setting. The Academy is an at-risk Academy that primarily enrolls students between sixteen and twenty-one years of age who have dropped out of high school or are at risk of dropping out of high school due to poor attendance, disciplinary problems, or suspensions.

The Academy was formally created on March 11, 2010, by entering a three year contract with the Groveport Madison Local School District (the Sponsor) for fiscal years 2011 through 2013. 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 Treasurer for the Academy is also the Treasurer for the Groveport Madison Local School District. See Note 7 for additional information regarding the sponsorship agreement with the Sponsor.

The Academy purchased the services of Metropolitan Education Council (MEC) to provide fiscal, student, EMIS, and technical services during the fiscal year. See Note 8 for information regarding the contract between the Academy and MEC.

The Academy operates under the direction of a five-member Board of Directors appointed by the Sponsor. The majority of those appointed by the Sponsor shall be elected or appointed public officials or public employees, or shall be community leaders who have demonstrated a professional interest in education or in other issues involving children. The remaining members of the Board shall be persons who are parents of students who are expected to attend the community school.

The Academy is a component unit of the Sponsor. The Sponsor appoints a majority of the Board of Directors and is able to impose its will on the Academy. The Sponsor can suspend the Academy's operations for any of the following reasons: 1) The Academy's failure to meet student performance requirements stated in its contract with the Sponsor, 2) The Academy's failure to meet generally accepted standards of fiscal management, 3) the Academy's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause.

The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of the Academy and the children it serves.

The financial statements 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 on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The Academy's most significant accounting policies are described below.

**Groveport Madison Cruiser Academy
Franklin County**
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. These statements are prepared on the accrual basis of accounting as further described in Note 2 C.

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

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period 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. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided by the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

E. Cash

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments with maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with maturities greater than three months at the time they are purchased are reported as investments.

Groveport Madison Cruiser Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws or other governments or imposed by enabling legislation. The Academy had no restricted assets at fiscal year-end.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed. At fiscal year-end, prepaid items are not available to finance future net asset expenses. The Academy had no prepaid items at fiscal year-end.

H. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. The Academy had no inventory at fiscal year-end.

I. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The Academy does not possess any infrastructure. The Academy maintains a capitalization threshold of \$1,000. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimate Life</u>
Buildings and Improvements	15 years
Furniture, Fixtures, and Equipment	5-10 years

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The Academy has no employees.

K. Accrued Liabilities and Long-Term Obligations

All accrued liabilities and long-term debt is reported on the statement of net assets. The Academy had no long-term obligations at the end of the fiscal year.

Groveport Madison Cruiser Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The Academy had no restricted net assets at fiscal year-end.

The Academy's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. 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 goods or services that are the primary activities of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 – Deposits

A. Deposits

At fiscal year-end, the carrying amount of the Academy's deposits was \$19,214 and the bank balance was \$28,587. The Academy's entire bank balance was not exposed to risk as it was covered by the Federal Deposit Insurance Corporation.

**Groveport Madison Cruiser Academy
Franklin County**
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 4 – Capital Assets

A summary of capital asset activity for the fiscal year follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Cost				
Buildings and Improvements	\$ -	\$ 18,254	\$ -	\$ 18,254
Furniture, Fixtures, and Equipment	-	7,800	-	7,800
Total Capital Assets, Cost	-	26,054	-	26,054
Less Accumulated Depreciation				
Buildings and Improvements	-	(608)	-	(608)
Furniture, Fixtures, and Equipment	-	(635)	-	(635)
Total Accumulated Depreciation	-	(1,243)	-	(1,243)
Depreciable Capital Assets, Net	\$ -	\$ 24,811	\$ -	\$ 24,811

Note 5 – Risk Management

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 the fiscal year, the Academy was listed as an additional insurance organization on the Sponsor's insurance coverage from with Ohio Casualty Co., member of Liberty Mutual Group, administered by Andrew Insurance Associates, Inc. The Sponsor has general liability insurance with a \$1,000,000 single occurrence limit and a \$2,000,000 aggregate. Property is also protected by Ohio Casualty Co., member of Liberty Mutual Group and holds a \$1,000 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 6 – Operating Lease

The School entered into a Property Lease Agreement for space to be used as a school building, office space and other permitted uses. The term of the lease is ten years, commencing on September 7, 2010. The minimum annual payments to be made from the Academy during years one through five are \$105,128 and \$119,144 for years six through ten. During the fiscal year, the Academy paid \$102,502 in lease payments for the property.

**Groveport Madison Cruiser Academy
Franklin County**
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 7 – Fiscal Agent and Payment to Sponsor

The Community School Sponsorship Contract between the Academy and the Groveport Madison Local School District requires the Academy to pay the following amounts:

- The Academy will reimburse Sponsor for actual payroll expenses incurred for compensating and providing benefits to employees.
- The Academy may purchase certain special education and related services from the Sponsor.
- The Academy may also pay the Sponsor other amounts as are mutually agreed for any services provided to the Academy by the Sponsor.

During the fiscal year, the Academy paid the Sponsor \$802,808 for the services defined above.

Note 8 – Contract with the Metropolitan Education Council

During the fiscal year, the Academy contacted with the Metropolitan Education Council (MEC) for services. Under the contract, the following terms were agreed upon:

- MEC shall provide the Academy with fiscal, student, EMIS, and technical services sufficient to effectively implement the Academy's educational plan and the Academy's assessment and accountability plan.
- All personnel providing services to the Academy on behalf of MEC under the agreement shall be employees of MEC and MEC shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by MEC to the Academy shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.

During the fiscal year, the Academy paid MEC \$12,050 for these services. On April 11, 2011, the Academy entered into a three-year contract with MEC for fiscal years 2012 through 2014. To obtain MEC's audited financial statements, contact Sue Ward, Fiscal Officer, at sward@mail.mecdc.org or call 614-473-8300.

**Groveport Madison Cruiser Academy
Franklin County**
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 9 – Contingencies

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability for the Academy. 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, 2011.

B. Litigation

The Academy is not party to 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 (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which foundation funding is calculated. The review for the fiscal year ended June 30, 2011 resulted in an overpayment of \$3,889.

Note 10 – Purchased Services

A breakdown of purchased services expenses for the fiscal year is as follows:

Instruction	\$ 891,093
Educational	91,000
Fiscal and Administrative	12,050
Copier	4,882
Building Lease	102,502
Utilities	36,637
Other Purchased Services	675
Total	<u>\$ 1,138,839</u>

Note 11 – Management’s Plan

For fiscal year 2011, the Academy had an operating loss of \$267,517, a decrease in net assets of \$111,884, and a cumulative net asset deficit of \$111,884. The Academy’s management is projecting an operating loss and another decrease in net assets for the year ending June 30, 2012 due to funding for operations. However, the Academy has applied for the federal grant for start-up monies which would allow the Academy to increase net assets. The grant has been approved but the Academy has yet to receive any funding.

Over time, management believes that the anticipated increase in enrollment should allow the school to reduce its operating losses and net asset deficit. The current student capacity is 176 and the current enrollment as of February 2011 is 171. Management plans to continue efforts to maintain or maximize enrollment which may lead to operating surpluses in future years.

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Dave Yost • Auditor of State

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

Groveport Madison Cruiser Academy
Franklin County
5940 Clyde Moore Drive, Suite C
Groveport, Ohio 43125

To the Board of Directors:

We have audited the financial statements of the Groveport Madison Cruiser Academy, Franklin County, Ohio (the Academy), a component unit of the Groveport Madison Local School District, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 6, 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the 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 we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated December 6, 2011.

We intend this report solely for the information and use of management, the Board of Directors, the Groveport Madison Local School District, and others within the Academy. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

December 6, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cruiser Academy
Franklin County
5940 Clyde Moore Drive, Suite C
Groveport, Ohio 43125

To the Board of Directors:

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

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

We inquired with the Board's management regarding the aforementioned policy. They stated they have not yet adopted an anti-harassment policy. The Board should adopt a policy as required by Ohio Rev. Code 3313.666.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and Groveport Madison Local School District, and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

December 6, 2011

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Dave Yost • Auditor of State

GROVEPORT MADISON CRUISER 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
DECEMBER 27, 2011**